

**CODE OF ETHICS**

**BENJAMIN FRANKLIN BANCORP, INC.**

**BENJAMIN FRANKLIN BANK**

**REVIEWED AND ACTED UPON BY THE BOARD OF DIRECTORS**

**AS OF MARCH 26, 2008**

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## MEMORANDUM

**TO: Directors, Officers and Staff**

**FROM Thomas R. Venables, President and Chief Executive Officer**

**SUBJECT: CODE OF ETHICS**

All businesses have certain characteristics that distinguish them from their competitors. These characteristics are frequently described, and appropriately so, in terms such as having an experienced and dedicated staff, high quality services, etc. These are admirable characteristics, and we are striving to achieve and maintain such strengths at Benjamin Franklin Bank.

However, there are other standards that are sometimes overlooked or not given sufficient emphasis. In essence, they are the ethical standards that will guide our relationships with customers, the community and those who provide services to us. Maintaining the highest standards of business conduct is more important than the pursuit of conventional strategic advantages.

Please read the following Code of Ethics carefully. Also please note that on Page 22 you are asked to sign an acknowledgment that you have received your copy of the Code, that you understand its provisions, that you intend to comply with the Code, and that your compliance includes reporting any matter that, in your judgment, is not consistent with the Code to the official of Benjamin Franklin Bancorp, or Benjamin Franklin Bank designated to review such reports i.e., Thomas R. Venables and Michael J. Piemonte. I am confident that what we are asking you to acknowledge is merely a description of how you presently conduct your affairs as a Director, Officer or staff member.

If you have any questions with respect to any aspect of the Code, please contact Michael J. Piemonte, Senior Vice President, Risk Management and Compliance.

Sincerely,

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Thomas R. Venables  
President and Chief Executive Officer

A. Introduction

Benjamin Franklin Bancorp, Inc. (the “Company”) and Benjamin Franklin Bank and any and all subsidiary(s) (the “Bank”) are dedicated to the highest standards of integrity and ethics. Personal integrity and moral fiber are as important as technical competence and work ethic in advancement of the Company and the Bank. The highest trust, confidence and responsibility is placed in each person. The Company and the Bank believe that each Bank and Company Official’s fundamental honesty and integrity guide them in their daily relations with customers, the public and fellow Employees. The Company and the Bank will not tolerate Bank or Company Officials who achieve results by violating laws or being involved in dishonest or unscrupulous business dealings or who jeopardize our reputation. On the other hand, the Company and the Bank will fully support a Bank or Company Official who passes up an opportunity or advantage that could only be secured at the sacrifice of the Company’s, the Bank’s, or that person’s principles.

Personal integrity and honesty demand an atmosphere that fosters personal candor, and maintaining that atmosphere is a high priority within the Company and the Bank. If any Bank or Company Official has knowledge of an apparent violation of this Code of Ethics (the “Code”), or of any questionable activity affecting the Company or the Bank, they are urged to report it to the Company or Bank immediately. The President of the Company and the Bank will serve as the designated official of the Company and the Bank responsible for investigating such matters (the “Designated Official”). This official will consult with the Senior Vice President in charge of compliance on any matters regarding possible violations or questionable activity in complying with this Code of Ethics. The Designated Official will be able to conduct investigations into reports of violations of this Code or any other questionable activity without arousing suspicion or casting aspersions on the character and reputation of the person in question. By going directly to the Designated Official and explaining the circumstances of the Code violation or questionable activity, the reputations of the reporting employee and any other person are protected if the suspicion turns out to be a misunderstanding or the transaction in question in fact conforms to the Code. Bank and Company Officials will make such a report in the way that makes them most comfortable, whether in writing or orally. The Company and the Bank will make reasonable efforts to treat such matters confidentially if the reporting employee so requests. However, neither the Bank nor the Company can assure the complete confidentiality of such matters because the Company or the Bank may be legally required to disclose otherwise confidential information contained in the report to investigating government agencies. Reports of violations of the Code, or of any questionable activity affecting the Company or the Bank, may be submitted anonymously. Bank and Company Officials will not be subject to reprisals or other adverse action for truthfully and confidentially reporting suspicious or unusual activities or transactions to the Designated Official. The Designated Official will report any significant violations of this code to the Audit and Risk Management Committee.

Violation of the Code is grounds for disciplinary action up to and including termination of employment. Such action is in addition to any civil or criminal liability that might be imposed by state or federal regulatory agencies or courts. Additional

guidance and assistance for avoiding violations of the policies expressed in this Code are available through the Company's and the Bank's Employee Handbook, Bank Secrecy Act Policy, Bank Customer Information Privacy Policy, Loan Policy, Fair Lending Policy, Investment Policy and Deposit Operations Policy and Operating Guidelines,

B. Definitions

1. "Company" means Benjamin Franklin Bancorp, Inc. and any majority-owned, non-bank subsidiary thereof.
2. "Bank" means Benjamin Franklin Bank and any and all subsidiaries.
3. "Company Official" means any Company employee, Director, Officer, any employee, Director or Officer of any majority-owned non-bank subsidiary of the Company.
4. "Bank Official" means any Bank employee, Director, or Officer, or any employee, Director or Officer of any majority-owned subsidiary of the Bank.
5. "Designated Official" means the Officer of the Company and the Bank who is designated by the Chief Executive Officer to receive and review reports filed pursuant to this Code and to make determinations based on such reports. The current Designated Official is the President of the Company and the Bank.

C. Political Contributions/ Corporate Payments

1. Federal and State Prohibitions

Federal and state laws prohibit both the Company and the Bank from contributing corporate funds or property in support of a political party or a candidate for public office. Similarly, neither the Company nor the Bank may compensate Bank or Company Officials for time so dedicated. It must be clearly understood that no action is to be undertaken for the perceived benefit of the Company or the Bank if the Company or the Bank could not legally take such action directly (See Federal Campaign Act of 1971, 29 U.S.C. § 593 et seq.). Questions regarding the propriety of any action that may involve a political candidate or campaign must be discussed with the Designated Official before any steps are taken that may involve any Company or Bank Official or the Company or the Bank in a possible violation of the law.

2. Prohibition Against Favored Business Treatment

It is contrary to the Company's and the Bank's policy and intent to encourage or permit either directly or indirectly the payment of Company or Bank funds or use of Company or Bank property to secure favored business treatment for the Company or Bank. This policy applies to Company and Bank transactions with governmental as well as non-governmental parties.

3. Nominal Gratuities and Gifts

Except as provided in Section C.4 below, the payment by Company or Bank Officials of customary nominal gratuities for services received (“tips”) is permitted if lawful, as is the giving of gifts and favors of nominal value or entertainment, to the extent that they meet the standards of ethical business as explained in section G of this Code. Each such payment, or gift must be appropriately disclosed on the financial records of the Company or the Bank.

4. Government Employees

Under no circumstances will a Company or Bank Official convey anything of value, directly or indirectly, to an employee of any municipal, state, federal or foreign government, or governmental agency (a “Government Employee”) unless:

- (a) The Designated Official first approves the conveyance;
- (b) Circumstances clearly indicate that the conveyance is based on a family or personal relationship existing independently of any business of the Company or the Bank; or
- (c) The item or service conveyed is available to the general public under the same conditions on which it was made available to the Government Employee.

Under no circumstances, and without exception, will a Company or Bank Official convey anything of value, directly or indirectly, to any Government Employee who has, or is likely to have, contact with the Company or the Bank in his or her capability as a government official, or who is in any way responsible for the regulation of any aspect of the business of the Company or the Bank.

5. Ordinary and Necessary Travel and Entertainment Expenses

Expenses for travel and entertainment incurred on behalf of the Company or the Bank will be ordinary and necessary to accomplish a business purpose and will be documented in conformity with the established requirements for reimbursement.

6. Bank or Company Disbursements

No Bank or Company Official, other than one duly authorized as a signature authority will control disbursements from a branch of the Bank or its subsidiaries, or Company accounts. Disbursements will be made only for legitimate Bank or Company purposes, and each will be clearly disclosed in the financial records.

D. Investments

The investment of personal funds as a way to participate in the growth of the economy and to provide for the future is proper and worthwhile. However, Company and Bank

Officials must be aware that personal financial affairs reflect to the public the character of the Company and the Bank. The following standards are guides to minimize the risks that may arise from the way investments are selected and financed:

- (a) Company or Bank Officials who have knowledge of the Bank's borrowers' relationships with the Bank are prohibited from investing in securities issued by such borrowers.
- (b) Information provided by customers in the normal course of business that is not available to the general public is confidential and must be held in strict confidence. Such information must never be disclosed to unauthorized persons or used as a basis for personal investment decisions. Please refer to Section E.2. of the Code for additional detail regarding insider trading.
- (c) Bank regulatory agencies generally regard it inadvisable for bank employees to maintain margin accounts. Accordingly, as a matter of policy, the carrying of margin accounts by Bank Officials is not permitted. Likewise, securities lending by Company or Bank Officials is prohibited.
- (d) The selection of a brokerage firm is a personal decision. Contact with brokers during business hours will be kept to a minimum and must not interfere with the duties and responsibilities of Company and Bank employees.

E. Confidentiality of Bank Records and Information

1. Customer Information

All relationships between the Bank and its customers are confidential. All Bank records containing personal data including customer credit reports on Bank customers are confidential. Such customer relationships, data and records ("Customer Information") are to be carefully safeguarded and kept current, relevant, and accurate. Customer Information will be disclosed only to authorized Company and Bank Officials having a "need to know" the information, or pursuant to lawful processes and in accordance with Bank procedures governing the permissibility and means of disclosure.

The Gramm-Leach Bliley Act of 1999 requires the Company to apply administrative, technical and physical safeguards to sensitive Customer Information. This policy requires employees not to use or disclose sensitive information collected by the Company for any reason other than the legitimate, intended use for the information. Confidential information includes both nonpublic personal information and financial information of the Company with respect to its customers. The Code specifically obligates employees to strictly follow Bank policies and procedures designed to shield customer information from the possibility of identity theft.

Customer Information will not be disclosed to third parties except as expressly permitted in Company and Bank procedures, or if the Company or the Bank becomes legally obligated to do so. Should a Company or Bank Official have any questions regarding the disclosure of particular Customer Information, he or she will consult the Designated Official. All Company and Bank Officials must use care not to discuss Bank business in any place or manner that risks violation of the confidentiality of Customer Information. For more information on the Bank's efforts to maintain the confidentiality of Customer Information - including the Bank's notification of customers of its efforts to protect nonpublic personal information and permissible use and disclosure of customer credit reports, refer to the Bank's Customer Information Privacy Policy, Customer Information Security Policy, and Fair Credit Reporting Act Compliance Operating Guidelines.

2. Trading on Confidential Customer Information

It is possible that confidential Customer Information will consist of material, non-public information that pertains to a company that has issued securities. Use of such information by a Company or Bank Official in connection with the purchase or sale of securities is prohibited by this Code and is a criminal violation of federal securities laws. Further, the communication of such information by a Company or Bank Official to any individual who may use such information in connection with the purchase or sale of securities is prohibited by this Code and is a criminal violation of federal securities laws.

3. Internal Control over Assets

This policy charges all Directors, Officers and employees with the responsibility to comply with the Company's internal control procedures. These procedures will be sufficiently detailed to safeguard customer and Bank assets, and to ensure the proper reporting and disclosure of financial information.

4. Company and Bank Information

Information about the Company and the Bank and their respective plans or management strategic plans including but not limited to – Board Of Directors meetings or committee proceedings, financial condition, and business, other than reports required to be made public, is confidential and must not be disclosed to unauthorized persons. Company and Bank Officials will use care not to discuss Company or Bank business in any place or manner that would in any way impair the Company's or the Bank's competitive position. Financial information about the Company and the Bank is not to be given to persons outside the Company or the Bank unless the Company or the Bank has previously reported it publicly.

Bank letterhead will be used for Company and Bank business purposes only.

5. Media Inquiries

In general, the Company and the Bank have good relationships with the news media and cooperate with the media in order to provide the public with information about the Company and the Bank. The Chief Executive Officer has primary responsibility for responding to inquiries from the news media. In the event that the Chief Executive Officer is unable, due to absence, or for any other reason, to respond to such inquiries, the Senior Vice President/Retail Banking has been designated by the Chief Executive Officer as the “Appointed Media Official” to be primarily responsible for responding to inquiries from the news media. Occasionally, a Company or Bank Official may receive a visit or a call from a reporter inquiring about some aspect of the affairs of the Company or the Bank. All inquiries from the news media must be referred to the Chief Executive Officer or to the Appointed Media Official. The only exception to this policy is in cases of questions from the news media asking for factual information about Bank services. If a reporter asks, for example, what the Bank’s current rate of interest is on a regular savings account, a Bank Official may provide that information. As would be the case with a customer, the answer must comply with regulatory requirements. In addition, the Bank Official will inform the Chief Executive Officer or the Appointed Media Official of the reporter’s call, as it could lead to an opportunity for more complete coverage of the Bank’s services or activities.

F. Integrity of Company and Bank Records and Systems

1. Business Records

The business records of the Company and the Bank are of critical importance to meeting all relevant financial, legal and management obligations. All reports, vouchers, bills, payroll and service records, account records, measurement and performance records, transaction records, and other essential data must always be input or prepared accurately, reliably, and with care and honesty.

2. False or Misleading Reports

There is no excuse for a deliberately false or misleading report or record. Certain business record offenses, including, without limitation, falsification of time sheets to obtain payment for time not worked, willful, unauthorized destruction or alteration of accounts, records or memoranda, and willfully making false entries or willfully failing to make correct entries, are cause for immediate dismissal.

3. Regulatory Record Keeping Requirements

Company records are maintained in accordance with the rules of the Board of Governors of the Federal Reserve System and the Securities and Exchange Commission. Bank records are maintained in accordance with the rules of the Federal Deposit Insurance Corporation (“FDIC”), the Massachusetts Division of Banks, the Securities and Exchange Commission and other government agencies.

The FDIC and some other government agencies require that certain records be retained for specific periods of time. Other records and documents may have to be held in connection with court and regulatory proceedings, or for other specific business purposes. Records will therefore be kept in accordance with all applicable regulatory agency requirements and rules. Bank records will be destroyed only with Company or Bank authorization, and in conformity with the Bank's Record Retention Policy.

4. Business Transaction Reporting

All Company and Bank Officials are responsible for following prescribed Company and Bank procedures for reporting business transactions. A primary purpose of such procedures is to promote full, fair, accurate, timely and understandable disclosure in the Company's SEC filings and other public communications. These procedures include authorization requirements and internal accounting controls, to ensure that:

- (a) Transactions are carried out in an authorized manner;
- (b) Transactions are reported and recorded to maintain accurate records of assets and to permit correct preparation of required reports and financial statements;
- (c) Only authorized Company and Bank Officials may gain access to assets and supplies; and
- (d) Inventories of assets and supplies are taken periodically, and appropriate action taken to correct discrepancies.

If, in the course of performing his or her duties, a Company or Bank Official identifies any circumstance that appears to violate the norms of sound and prudent business or the letter or spirit of this Code, it is that Official's responsibility to promptly report the circumstance to the Chief Executive Officer, the Designated Official, an impartial senior Company or Bank Officer, or the Company's or the Bank's auditor. Reports by Company and Bank Officials of suspicious or unusual activities or transactions may be submitted in oral or written form. The Company and the Bank will make reasonable efforts to treat such matters confidentially if the reporting employee so requests. However, neither the Bank nor the Company can assure the complete confidentiality of such matters because the Company or the Bank may be legally required to disclose otherwise confidential information contained in the report to investigating government agencies. Reports of suspicious activities or transactions may also be submitted anonymously. Company and Bank Officials will not be subject to reprisals or other adverse action for truthfully and confidentially reporting suspicious or unusual activities or transactions as provided in this paragraph. Each Company and Bank Official's duty to report suspicious circumstances is set forth in section J, "Personal Conduct" subparagraph 2, Suspicious Activities Reports. For more information

on the Bank's efforts to maintain the integrity of Company and Bank Records and Systems, refer to the Bank's Whistle Blower Policy i.e., appendix II to the Internal Audit Policy and Attachment B to the Audit and Risk Management Committee Charter.

G. Guidelines for Acceptance of Gifts, Favors or Gratuities/ Bank Bribery Laws

1. Introduction

Gifts to Company or Bank Officials from customers and suppliers generally are intended as sincere expressions of friendship and appreciation based on the personal relationships that often develop in the normal conduct of business. Nevertheless, substantial gifts of any kind, whether in the form of food, merchandise, unusual discounts, entertainment, or the use of customer or supplier facilities, may create an appearance of impropriety, may cause embarrassment to the Company and the Bank or to Company and Bank Officials, and may subject the Company or Bank Officials concerned to criminal prosecution under applicable Bank Bribery laws. Accordingly, any Company or Bank Official who receives or is offered anything of value will adhere carefully to the guidelines described below.

2. Federal Bank Bribery Law

The Federal Bank Bribery Law, (18 U.S.C. §215), as amended, provides for criminal prosecution of anyone who:

As an Officer, Director, employee, agent or attorney of a bank or bank holding company, corruptly solicits or demands ... or corruptly accepts or agrees to accept, anything of value from any person, intending to be influenced or rewarded in connection with any business or transaction of such bank or bank holding company.

The Federal Bank Bribery Law also provides for criminal prosecution of any person (whether or not an employee of a bank or bank holding company) who:

Corruptly gives, offers, or promises anything of value to any person, with intent to influence or reward an Officer, Director, employee, agent, or attorney of a bank or bank holding company in connection with any business or transaction of such bank, or bank holding company.

3. FDIC and FRB Bank Bribery Guidelines

The FDIC, the Federal Reserve Board ("FRB") and other federal banking agencies have promulgated uniform guidelines to assist the Officers, Directors, employees, agents, and attorneys of financial institutions and bank holding companies and bank subsidiaries in their efforts to comply with the Federal Bank Bribery Law. In accordance with these guidelines the Company and the Bank

have adopted the following policies to guide Company and Bank personnel with respect to gifts or offers of things of value:

(a) Company and Bank Policies and Procedures

- (1) No Company or Bank Official may solicit or demand for the personal benefit of such Official, or any other person (other than the Company or Bank) anything of value from any person or entity in return for any business service, or confidential information of the Company or the Bank.
- (2) Except as permitted in subsection 3 (b) of this section, no Company or Bank Official may accept or agree to accept anything of value (other than bona fide salary, wages, fees, or other compensation paid, or reimbursed in the usual course of business) from any person or entity in connection with the business of the Company or the Bank, either before, during, or after a transaction is discussed or consummated.

(b) Exceptions

There are a number of instances where a Company or Bank Official, without risk of corruption or breach of trust, may accept something of value from someone doing or seeking to do business with the Company or the Bank. The most common examples are the business luncheon or the special occasion gift from a customer. In general, there is no threat of a violation of the Federal Bank Bribery Law if the acceptance of something of value is based on a family or personal relationship existing independently of any business of the Company or the Bank; if the benefit accepted is available to the general public under the same conditions on which it was made available to the Company or Bank Official; or if the benefit would be paid for by the Company or the Bank as a reasonable business expense if not paid for by another party. Therefore, the prohibitions in paragraph (a) will not apply to:

- (1) Acceptance of gifts, gratuities, amenities or favors based on obvious family or personal relationships (such as those between the parents, children or spouse of a Company or Bank Official) where the circumstances make it clear that it is those relationships rather than the business of the Company or Bank which are the motivating factors;
- (2) Acceptance of meals, refreshments, entertainment, accommodations or travel arrangements, all of a reasonable value, in the course of a meeting or other occasion, the purpose of which is to hold bona fide business discussions or to foster better business relations, provided that the expense would be paid for by the

Company or Bank as a reasonable business expense if not paid for by another party;

- (3) Acceptance of loans from other banks or financial institutions on customary terms to finance proper and usual activities of Company or Bank Officials, such as home mortgage loans, except where prohibited by law;
- (4) Acceptance of advertising or promotional material of a reasonable value, such as pens, pencils, note pads, key chains, calendars and similar items;
- (5) Acceptance of discounts or rebates on merchandise or services that do not exceed those available to other customers of the person or business offering such discounts or rebates;
- (6) Acceptance of civic, charitable, educational, or religious organization awards for recognition of service and accomplishment;
- (7) Acceptance of gifts of a reasonable value that are related to commonly recognized events or occasions, such as a promotion, new job, wedding, retirement, holiday or birthday;
- (8) Acceptance of things of value in other circumstances after written approval by the Designated Official given on the basis of full written disclosure of all relevant facts.

(c) Reporting Requirements

Whenever a Company or Bank Official receives or is offered a thing of value of a character or under circumstances other than those described in subparagraphs (1) through (8) of paragraph (b) above, the Company or Bank Official will promptly report the relevant facts, in writing, to the Designated Official. The Designated Official will promptly review the report with the reporting Company or Bank Official and will promptly determine whether acceptance of the gift or offer by the reporting Company or Bank Official, under the circumstances presented, would be consistent with the purposes and intent of the Federal Bank Bribery Law and the policies of the Company or the Bank, including this Code. The Designated Official will record his or her determination in writing on the report submitted by the reporting Company or Bank Official and will retain all such reports in central Company and Bank files maintained for that purpose.

(d) Code and Policy Updates

Management and the Audit and Risk Management Committee will regularly revisit this policy to verify that its guidelines cover any new business activities or new ethical challenges, such as customer information security.

(e) Internal Audit Role

The Company's internal audit program will include effective monitoring of this Code of Ethics. Internal auditing will look for operational weaknesses that might invite or conceal conflicts of interest, fraud or crimes of dishonesty. Internal auditing will also check that corrective action was taken in any cases where breaches of the Company's policies and practices, internal controls or compliance programs occurred.

(f) Acknowledgement and Training of Bank Policy

Each Company and Bank Official will renew his or her acknowledgment of receipt of this Code annually. The Designated Official will retain all such acknowledgements in central Company and Bank files maintained for that purpose. This policy will be kept in front of all Directors, Officers and employees through periodic training and distribution of ethical behavior information.

(g) Reporting Mechanism

This policy provides a mechanism by which insiders, customers, suppliers and third-party service providers can report questionable activities. The Company has implemented a Whistle Blower Policy whereby all questionable accounting and auditing matters are reported to the Audit and Risk Management Committee. In addition a fraud hot line has been developed to report all non-accounting and non-auditing matters to the Director of Internal Audit Services.

H. Conflicts of Interest

1. Conflicts of Interest Prohibited

(a) Personal or Business Affairs

Company and Bank Officials will not conduct their personal or business affairs in a manner that places their professional, business or financial interests in conflict with the interests of the Company or the Bank. That is, any business or business related interests of a Director, bank Officer or employee including a member of his or her immediate family i.e., spouse, children and parents or those dependent upon such Official, etc. will not conflict either directly or indirectly with the interests of these bank officials as it pertains to the interests of the Company or the Bank. Nor will Company or Bank Officials, in connection with the business of the Company or the Bank or their other interests, engage or attempt to engage in self-dealing or otherwise trade or seek to trade on their positions with the Company or the Bank. Nor will Company or Bank Officials accept from a supplier, customer, or other person or company doing or seeking to do business with the Company or the Bank a business opportunity not available to other persons or that is made available because of such Official's position with the Company or the Bank. For any financial or business transaction whereby a real or

perceived conflict of interest exists involving a Bank Official, which includes a bank Director, such Bank Official will leave the subject meeting so that this conflict of interest can be discussed and/or voted upon independently by the members present.

(b) Relationships with Correspondent Banks

Under Title VIII of the Financial Institutions Regulatory and Interest Rate Control Act of 1978 (12 U.S.C. § 1972(2)), all Company and Bank Executive Officers are required to file with the Bank an annual disclosure statement of transactions with the Bank's correspondent banks.

(c) Management Interlocks

Under The Depository Institution Management Interlocks Act (12 U.S.C. § 3202) all "management officials" (Company and Bank Officials) are prohibited from serving as "management officials" of any other depository institution or depository holding company that is not affiliated with the Company or the Bank and is located within the same primary metropolitan statistical area, the same metropolitan statistical area, or the same consolidated metropolitan statistical area that is not comprised of designated primary metropolitan statistical areas as defined by the Office of Management and Budget.

(d) Self-Dealing

There must be sensitivity to possible criticism of the Company or the Bank or Company or Bank Officials on the grounds of self-dealing for personal advantage. For this reason, no Company or Bank Official will purchase any property directly or indirectly (other than obsolete office equipment and similar items on terms and subject to conditions approved in advance by the Designated Official) from the Company or the Bank. This includes Company or Bank premises and equipment, collateral disposed of in settlement of obligation, or property held as a fiduciary.

(e) Outside Employment or Activity

Any Company or Bank Official who engages in or intends to engage in outside employment or activity has the responsibility to consult with the Designated Official, in advance, as to whether such employment or activity will result in or create the appearance of a conflict of interest with the Official's duties and responsibilities.

2. Business Affiliations

Neither Company nor Bank Officials will commence or continue any relationships with outsiders that might, even by implication, cause embarrassment to themselves or impair the Company's or Bank's best interests or public position. Company or Bank Officials are to avoid conflicts involving business opportunities, which come to their attention as a result of their duties with the

Company or the Bank. Annually, the Designated Official will distribute a questionnaire dealing with outside business affiliations to be completed and returned as instructed.

3. Extensions of Credit

State and Federal laws and regulations impose various restrictions and reporting and record keeping requirements on extensions of credit to certain Company or Bank Officials and their related interests. Company and Bank Officials are responsible for complying with all such regulatory restrictions as well as reporting and record keeping requirements. Any questions concerning these restrictions and reporting and record keeping requirements will be directed to the Designated Official.

4. Outside Affiliations

(a) Participation in Professional Groups and Civic Organizations

Company and Bank Officials are encouraged to participate in appropriate professional groups and responsible civic organizations if such service does not interfere with their duties to the Company or to the Bank. However, Company and Bank Officials are prohibited from participating in organizations in which the Official's participation would be limited by legal and/or administrative restrictions regarding conflict of interest.

Bank Officers and employees are generally encouraged to participate in certain community groups and not-for-profit organizations ("Community Organizations"). Often, this means that the Bank Officer or employee is also a member of the Community Organization's Board of Directors. Occasionally, Community Organizations enter into a borrowing relationship with the Bank. In such cases, the Bank Officer or employee is prohibited from voting as a Community Organization Officer or Director, or as a Bank Officer or Director, on any matters connected with the granting, origination, or servicing of the lending transaction. Furthermore, any extension of credit to such Community Organizations (that is, one where a Bank Officer, employee, or Director is involved) requires a vote of the full Board of Directors of the Bank, in a manner similar to the Regulation O procedures followed for applicable transactions. In the event of a default on a lending transaction by any such Community Organization, the Bank reserves the right to require the Bank Officer, employee, or Director to resign as an Officer or Director of the Community Organization. The ability to serve, or continue to serve, on a Community Organization's Board is at the sole discretion of the Bank. The President will make the determination in the case of Bank Officers and provide a report to the full Board of Directors. The full Board will make the determination in the case of a Bank Director.

Notwithstanding the Bank's policy of generally encouraging participation in Community Organizations, Bank Officers, Directors and employees are cautioned

that certain appointed or elected municipal positions, such as serving as members of Boards of Assessors, Planning Boards, Conservation Commissions, Zoning Boards of Appeals or other land use regulatory or valuation agencies (individually referred to as a “Regulatory Agency”) place the member in a position of special concern to the Bank, especially since a member’s vote or other participation may decide the outcome of a Regulatory Agency’s deliberations. These deliberations may benefit or harm the land use planning or real estate tax obligations of either a current or potential bank customer, or the customer of a competing institution. Accordingly, the continuing consent of the Bank is required for a Bank Officer, Director or employee to become, or continue, as, a member of a Regulatory Agency. The Bank may require special periodic reporting requirements from the member, which may be changed from time to time at the Bank’s sole discretion. The Bank may, for any reason, require that the member recuse him or herself on any particular or general type of matter. The Bank may also, without stating specific reasons, require the Regulatory Agency member to either resign, or refuse an appointment to an extended term. The Bank will not attempt to influence the member’s vote or deliberation on any matter. However, failure of the member to comply with the Bank’s instructions regarding recusal, resignation, or refusal of appointment will be a matter of serious concern to the Bank which shall be dealt with accordingly.

(b) Company and Bank Participation in Outside Organization

When participation as a Director, Officer, or trustee of an outside organization is requested of the Company or Bank and serves the best interest of the Company or the Bank, the Chief Executive Officer will designate the appropriate Company or Bank Official to participate.

(c) Participation Requests Made Directly to Company or Bank Officials

A Company or Bank Official may be asked by an organization to participate both because of individual talents and because of the Company or Bank Official’s position. Company or Bank Officials who are approached directly by an outside organization to serve as a Director, Officer, or trustee of such outside organization must first obtain the approval of the Chief Executive Officer or the Designated Official. Such approval is required for participation in both for-profit and non-profit organizations subject to the restrictions on political contributions in section C of this Code. This Code does not apply to participation in religious and political organizations. All other Company or Bank Officials are encouraged to consult the Chief Executive Officer or the Designated Official regarding interpretations or applicability of this Code prior to making a commitment to participate as a Director, Officer, or trustee of an outside organization. Annually, the Vice President/Human Resources will circulate a questionnaire to Company and Bank Officials regarding their involvement as Officers and Directors of outside organizations (other than political or religious organizations).

5. Reporting Requirements

Company and Bank Officials will promptly advise the Designated Official in writing of all potential conflicts of interest, including those in which they are inadvertently placed due to either personal or business relationships with customers, suppliers, business associates, or competitors of the Bank. The information will include all relevant facts and the specific steps taken by the advising Company or Bank Official to avoid an actual conflict of interest with the Company or the Bank. The Designated Official will retain the information.

I. Corporate Conduct

1. Advertising

The Bank will conduct all of its advertising activities in conformity with all applicable Federal and State laws and regulations including compliance to regulatory unfair and unjust deceptive acts and practices guidelines. No advertisement by the Bank will be misleading or inaccurate or misrepresent in any way the bank's products, services, or terms of doing business. These guidelines govern advertisements of all types in all media, including, but not limited to, radio, television, newspapers, magazines, and billboards. For further information on the Bank's Advertising guidelines refer to the Bank's Marketing Procedures, Non-Deposit Investment Program, and Truth in Lending Act and Truth in Savings Act Compliance Operating Guidelines.

2. Anti-Trust

The United States antitrust laws are intended to preserve and foster the free enterprise economic system by ensuring energetic but fair competition among business firms, and to prevent unfair restraint on competition. All Company and Bank Officials are expected to observe the highest standards of ethical conduct in relationships with competitors. As such, the Company and the Bank, as well as all Company and Bank Officials, are prohibited from entering into arrangements with competitors for the purpose of setting or controlling prices, rates, trade practices, marketing policies, or disclosing to competitors future plans of the Company and the Bank which have not been disclosed generally to the public by the Company or the Bank.

3. Prohibition Against Tying Arrangements

The Bank Holding Company Act (the "BHCA") prohibits the use of tying arrangements between banks or bank holding companies and their subsidiaries (12 U.S.C. § 1972(1)). The BHCA's tying prohibition is more restrictive than the general anti-trust statutes in dealing with product and/ or service tying arrangements between banks or bank holding companies and their subsidiaries. The BHCA prohibits the use of arrangements that require bank customers to transact business with a bank's holding company or subsidiary as a condition of

transacting business with the bank. The BHCA also prohibits arrangements that require bank customers to abstain from transacting business with the bank's competitors as a condition of transacting business with the bank.

Therefore, neither the Company nor the Bank will "in any manner extend credit, lease or sell property of any kind, or furnish any service, or fix or vary the consideration for any of the foregoing" by requiring that:

- (a) the customer will obtain some additional credit, property, or service or non-traditional banking product (other than a loan, discount, deposit or trust service), from the bank, the bank holding company owning the bank, or a subsidiary of the bank holding company; or
- (b) the customer will provide some additional credit, property, or service to the bank, the bank holding company, or a subsidiary thereof; or
- (c) the customer will not obtain credit, property or service from a competitor of the bank, bank holding company or a subsidiary thereof.

#### 4. Corporate Commitments

Because it is vital that the word of the Company and the Bank is viewed as its bond, Company and Bank Officials will not make any actual or apparent commitments, formally or informally, regarding the Company or the Bank without proper prior authorization in accordance with existing procedures.

### J. Personal Conduct

#### 1. Official Honesty and Integrity

Banking is, above all, a business based on trust and, as such, it demands steadfast honesty in all our affairs, both internally and externally. Our business is founded on faith, trust, and public confidence. All Officials thus bear an increased responsibility to espouse high standards in their personal and professional behavior. To this end, the Company, the Bank and the Company and Bank Officials strive to comply with all laws and regulations that apply to the business of banking. When any law or regulation seems unclear or ambiguous, Company and Bank Officials will consult the Designated Official immediately to seek assistance in determining the lawful and ethical course of conduct. Practices that violate any federal, state or municipal law or regulations are forbidden. Also, although it may appear obvious, it is worth emphasizing that stealing, theft, embezzlement or fraud of any kind by a Company or Bank Official are grounds for termination of employment.

Directors, Officers and employees agree to always respond honestly and candidly when interacting with the Company's auditors, regulators, and legal counsel. This code makes clear that omitting material information is just as serious as altering or lying about the truth.

2. Suspicious Activities Reports

The Company or the Bank must promptly report all matters that involve apparent crimes affecting its assets or affairs to the appropriate governmental agencies. If a Company or Bank Official becomes aware of suspicious activity or of facts which give a reasonable basis for believing a crime has occurred, is occurring, or may occur, the Official will immediately notify the Designated Official and provide such Official with any supporting documentation describing the matter. The Designated Official will then coordinate the filing of the required reports. Any questions regarding this policy will be directed to the Designated Official or the Bank's Risk Management Officer. For further information regarding the Bank's Suspicious Activity Reporting policy and procedures including Bank Secrecy Act Currency Transaction Reporting, Anti-Money Laundering Guidelines and pertinent USA Patriot Act Compliance refer to the Bank's Bank Secrecy Act Policy.

3. Know Your Customer Guidelines

The Bank will have a clear and concise understanding of all Bank customer practices in order to avoid criminal exposure to the Bank by any "customer" who would use the Bank's resources for illicit purposes. The Bank will maintain systems and procedures designed to ensure the immediate detection and identification of suspicious activity at the Bank.

The Bank will not establish a customer relationship until the identity of the potential customer is satisfactorily established. If a potential customer refuses to produce any of the requested information, the relationship will not be established. Likewise, if the potential customer is not forthcoming with the requested follow-up information, any relationship already begun will be terminated.

For further information regarding the Bank's Know Your Customer Guidelines refer to the Loan, Deposit Operations Policy and Operating Guidelines and Bank Secrecy Act policies.

4. Legal Advice

From time to time, a customer may ask Company or Bank Officials to recommend an attorney, accountant, for personal use, etc. As a matter of policy, such recommendation will not be provided unless several names are given to the customer with no indication of preference.

In addition some discussions with customers will lead to a request that the Company or Bank Official discuss the legality or illegality of a proposed transaction. The practice of law and the providing of legal advice is the exclusive authority of lawyers. Company and Bank Officials cannot and will not practice

law or give legal advice. Therefore, under no circumstances will a Company or Bank Official give any legal advice to a customer, and any response will be carefully phrased so that the response cannot be construed as giving such advice.

5. Outside Activities of Officials

Aside from the duty to avoid conflicts of interest in connection with outside activities, the Company and the Bank recognize and respect the right of Company and Bank Officials to engage in outside activities, which they may deem proper and desirable. Such activities, however, must be legal and must not impair or interfere with the conscientious performance of the Official's duties for the Company or the Bank. Further, such activities must not involve the misuse of the Company's or the Bank's influence, facilities, information or other resources, must not divert opportunities from the Company or the Bank and must not reflect discredit upon the name or reputation of the Company or the Bank.

Accordingly, for all business relationships with outside individuals, companies and organizations and for all personal undertakings, Company and Bank Officials will:

- (a) Act in accordance with the law;
- (b) Consider the rights, interests and responsibilities of the outside individuals, companies and organizations as well as their own rights interests and responsibilities;
- (c) Consider that employment with the Company or the Bank, unless expressly agreed otherwise, is full-time;
- (d) Protect their own reputations and the interests of the Company and the Bank against actual or potential conflicting interest with outside parties; and
- (e) As noted above, avoid personal transactions or situations in which their own interests conflict or might be construed to conflict with those of the Company or the Bank.

In this connection, every Official will disclose promptly, in writing, any personal situation or transaction, which is or may be in conflict with the intent of this Code. Please also see the Company's and the Bank's Employee Handbook for additional guidance.

6. Personal Business

Company and Bank Officials will avoid acting on behalf of the Company or the Bank in any transactions involving people or organizations with which an Official or their family have financial or other conflicts of interests. A conflict of interest can arise when a Company or Bank Official, or a member of his or her immediate

family (spouse, children and parents or those dependent upon such Official, etc.) has a financial or other interest in a customer, borrower, or other person or company doing business with the Company or the Bank. Each Company and Bank Official must manage their personal and business affairs so as to avoid situations that might lead to conflict, or even the appearance of a conflict, between their self-interest and their duty to the Company or the Bank and its customers, shareholders and depositors.

7. Management of Personal Finances

Company and Bank Officials are responsible for the prudent management of their personal finances, including the use of the Company's and the Bank's financial services and accounts. Company and Bank Officials must avoid overextensions of credit, drawing checks against insufficient funds, misuse of corporate credit cards, or other unsound or improper financial practices. The mismanagement of personal finances by Company or Bank Officials may result in account closure and/or disciplinary action up to and including termination.

8. Alcohol and Substance Abuse

All Company and Bank Officials are expected to conduct themselves in a lawful manner while on Bank property and while conducting Bank business away from Bank property. The manufacture, distribution, possession, sale, or use of alcohol or drugs on Bank property is expressly prohibited except alcohol use may be permitted during bank sponsored events specifically approved by the CEO or the CFO. Any employee under the influence of drugs or alcohol during working hours or on Bank property at any time is subject to disciplinary action, up to and including termination. This policy is also expressed in the Company's and the Bank's Employee Handbook.

9. Background Checks

The Company requires the adoption of a risk-based approach to pre-employment background checks. As the level of the position and responsibilities increases, the depth of the background check will increase correspondingly. The background screening of contractors must approximate the screening for Bank employees. The conduct of meaningful background checks will be a matter of management ethics.

10. Statutory and Regulatory Compliance

This policy specifically charges Directors, Officers and employees with the responsibility to observe all applicable laws and regulations, especially those that govern insider conduct. They must be cognizant of the rules and standards that apply to their activities and must place a high priority on avoiding even inadvertent violations of the ethical standards specified by law and regulation.

K. Insider Transactions.

1. Massachusetts Regulatory Bulletin 2.1-102 (the “Bulletin”) restricts transactions between state-chartered institutions and an insider, defined to mean an Officer, Director or principal shareholder and any related interest of that person. The Bulletin covers transactions for (i) goods, including but not limited to, insurance, supplies and other goods used in the normal course of transacting a banking business; (ii) professional or other services, including but not limited to, legal, accounting, management, consulting, facility maintenance and management, brokerage of all kinds (i.e., real estate, securities and insurance brokerage); architectural or general contracting; and, (iii) the lease or sale of personal or real property. Transactions with insiders are subject to the requirements set forth below if the value of aggregate insider contracts commissions, fees and other compensation meets or exceeds the following threshold:

- (a) \$100,000 – if the institution has more than \$500 million in total assets.

The Bank is subject to the \$100,000 threshold set forth above. The outstanding aggregate balance of all credit extensions to an insider must be included in calculating the value of a covered transaction and in determining whether a covered transaction meets or exceeds the specified threshold.

2. Requirements Applicable to Insider Transactions:

- (a) The Bank will not enter into a covered transaction with, or retain the services of, an insider upon terms and conditions that are preferential to the insider or adverse to the Bank.
- (b) A covered transaction or service is not preferential if it is made with or provided to persons who are not insiders on substantially the same terms and conditions as those prevailing for comparable market transactions.
- (c) An insider who is a Director or trustee, including an Officer who is also a Director or trustee who is interested in such a transaction, will formally abstain from negotiating, entering into, reviewing or approving any contract or service subject to the Bulletin.
- (d) All contracts or services subject to the Bulletin will require the formal prior approval of a majority of the Board of Directors, excluding any individual(s) interested in such transaction.
- (e) Prior approval requirements will be satisfied by meeting the procedural requirements set forth in Regulation O, 12 C.F.R. 215.4(b)(1)(i)-(ii) and 12 C.F.R. 215.4(b)(4) (i.e. prior approval by a majority of the Board of Directors, with the interested party abstaining from participating in the Board discussion and Board vote).

3. Record Keeping Requirements.

The Bank will maintain complete and accurate internal records and documentation demonstrating compliance with this Code of Ethics and the Bulletin. Such internal records will include, at a minimum: (a) records and data relied upon by the Board in approving each covered transaction; (b) the insider's name, position or relationship that causes such person to be deemed an insider; (c) the date the transaction was approved; (d) minutes of the Board vote, including a statement articulating the Board's rationale and statements of any dissenting Board members; and (e) all pertinent contracts or agreements and payment records.

L. Violations

The violation of this Code is grounds for disciplinary action up to and including termination of employment. Such disciplinary action is in addition to any civil or criminal liability, which might be imposed by federal or state regulatory agencies or courts. All violations of this Code of Ethics must be reported to the Audit and Risk Management Committee.

BENJAMIN FRANKLIN BANK  
&  
BENJAMIN FRANKLIN BANCORP, INC.

CODE OF ETHICS

Directors', Officers' and Official's Acknowledgment and Certification

I hereby acknowledge receipt of my personal copy of the Code of Ethics (the "Code") of Benjamin Franklin Bancorp, Inc. (the "Company") and Benjamin Franklin Bank (the "Bank"). I understand that the provisions of the Code constitute the official policy of the Company and the Bank and that I will be expected to comply with both the letter and the spirit of the Code for as long as I remain a Director, Officer, Employee or other Bank Official of the Company or the Bank. I also understand that any violation the Code may result in disciplinary action being taken against me up to and including termination of employment. I also understand that the Company's and the Bank's rights to take action in the event of a violation of the Code does not imply any limitation of the Company's or the Bank's rights to take disciplinary or other action against me in the Company's or the Bank's discretion, in other circumstances.

Accordingly, I hereby certify that I have read the Benjamin Franklin Bancorp, Inc. and Benjamin Franklin Bank Code of Ethics and agree to abide by its provisions at all times. I understand the provisions of the Code and have had the opportunity to ask any questions about them that I may have. Within its meaning, expressed or implied, I am not in violation of the Code and I am not aware of any circumstance or activity of a personal or family nature which might conflict with the interest of the Company or the Bank except as indicated below. (If nothing to report, please write "None".)

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Department: \_\_\_\_\_

Conflicting Circumstance or Activity Report

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**ACKNOWLEDGMENT RECEIVED:** *(To be filled in by Company or Bank Official Only)*

\_\_\_\_\_  
Signature of Designated Company or Bank Official

Date: \_\_\_\_\_

\_\_\_\_\_  
Print Name of Designated Company or Bank Official

\_\_\_\_\_  
Title