

UBS AG
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The information in this preliminary pricing supplement is not complete and may be changed. This preliminary pricing supplement is not an offer to sell nor does it seek an offer to buy these notes in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated October 24, 2018.

UBS AG

\$

Capped Leveraged S&P 500[®] Index-Linked Medium-Term Notes due

The notes will not bear interest. The amount that you will be paid on your notes on the stated maturity date (expected to be the second business day after the determination date) is based on the performance of the S&P 500[®] Index as measured from the trade date to and including the determination date (expected to be between 26 and 29 months after the trade date). If the final underlier level on the determination date is greater than the initial underlier level (set on the trade date and will be a level equal to the closing level of the underlier on the trade date), the return on your notes will be positive, subject to the maximum settlement amount (expected to be between \$1,285.90 and \$1,335.40 for each \$1,000 face amount of your notes). If the final underlier level on the determination date is equal to the initial underlier level, you will receive the face amount of your notes. **If the final underlier level on the determination date is less than the initial underlier level, the return on your notes will be negative. Specifically, you will lose 1% for every 1% negative underlier return. You could lose your entire investment in the notes.**

To determine your cash settlement amount, we will calculate the underlier return, which is the percentage increase or decrease in the final underlier level from the initial underlier level. On the stated maturity date, for each \$1,000 face amount of your notes, you will receive an amount in cash equal to:

if the underlier return is *positive* (the final underlier level is *greater than* the initial underlier level), the *sum* of (i) \$1,000 *plus* (ii) the *product* of (a) \$1,000 *times* (b) the upside participation rate of 300% *times* (c) the underlier return, subject to the maximum settlement amount;

if the underlier return is *zero* (the final underlier level is *equal to* the initial underlier level), \$1,000; or
if the underlier return is *negative* (the final underlier level is *less than* the initial underlier level), the *sum* of (i) \$1,000 *plus* (ii) the *product* of (a) the underlier return *times* (b) \$1,000.

Your investment in the notes involves certain risks, including, among other things, our credit risk. See “Additional Risk Factors Specific To Your Notes” on page 8 of this preliminary pricing supplement. You should read the additional disclosure herein so that you may better understand the terms and risks of your investment.

The estimated initial value of the notes as of the trade date is expected to be between \$964.10 and \$994.10 per \$1,000 face amount. The range of the estimated initial value of the notes was determined on the date hereof by reference to UBS’ internal pricing models, inclusive of the internal funding rate. For more information about secondary market offers and the estimated initial value of the notes, see “Additional Risk Factors Specific To Your Notes — Fair Value Considerations” and “Additional Risk Factors Specific To Your Notes — Limited or No

Secondary Market and Secondary Market Price Considerations” beginning on page 9 of this preliminary pricing supplement.

Original issue date: _____, 2018 **Original issue price:** 100.00% of the face amount

Underwriting discount: _____ % of the face amount **Net proceeds to the issuer:** _____ % of the face amount

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these notes or passed upon the accuracy or adequacy of this preliminary pricing supplement, the accompanying product supplement, the accompanying index supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense. The notes are not bank deposits and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

UBS Securities LLC

Pricing Supplement dated _____, 2018.

The issue price, underwriting discount and net proceeds listed above relate to the notes we sell initially. We may decide to sell additional notes after the date of the final pricing supplement, at issue prices and with underwriting discounts and net proceeds that differ from the amounts set forth above. The return (whether positive or negative) on your investment in the notes will depend in part on the issue price you pay for such notes.

UBS Securities LLC, our affiliate, will purchase the notes from UBS for distribution to one or more registered broker dealers (“dealers”). UBS Securities LLC, the dealers or any of their respective affiliates may use this preliminary pricing supplement in market-making transactions in notes after their initial sale. **Unless UBS, UBS Securities LLC, the dealers or any of their respective affiliates selling such notes to you informs you otherwise in the confirmation of sale, the pricing supplement to which this preliminary pricing supplement relates is being used in a market-making transaction.** See “Supplemental plan of distribution (conflicts of interest); secondary markets (if any)” in this preliminary pricing supplement and “Supplemental Plan of Distribution (Conflicts of Interest)” in the accompanying product supplement.

SUMMARY INFORMATION

UBS has filed a registration statement (including a prospectus, as supplemented by a product supplement for the notes and an index supplement for various securities we may offer, including the notes), with the Securities and Exchange Commission, or SEC, for the offering to which this preliminary pricing supplement relates. Before you invest, you should read these documents and any other documents relating to this offering that UBS has filed with the SEC for more complete information about UBS and this offering. You may obtain these documents without cost by visiting EDGAR on the SEC website at www.sec.gov. Our Central Index Key, or CIK, on the SEC website is 0001114446.

You may access these documents on the SEC website at www.sec.gov as follows:

- “ Underlier-Linked Notes product supplement dated May 2, 2016:
<http://www.sec.gov/Archives/edgar/data/1114446/000119312516572379/d174905d424b2.htm>
- “ Index Supplement dated April 29, 2016:
<http://www.sec.gov/Archives/edgar/data/1114446/000119312516569883/d163530d424b2.htm>
- “ Prospectus dated April 29, 2016:
<http://www.sec.gov/Archives/edgar/data/1114446/000119312516569341/d161008d424b3.htm>

References to “UBS,” “we,” “our” and “us” refer only to UBS AG and not to its consolidated subsidiaries. In this preliminary pricing supplement, “notes” refer to the Capped Leveraged S&P 500 Index-Linked Medium-Term Notes, that are offered hereby, unless the context otherwise requires. Also, references to the “accompanying product supplement” mean the UBS Underlier-Linked Notes product supplement, dated May 2, 2016, references to the “accompanying index supplement” mean the UBS index supplement dated April 29, 2016 and references to the “accompanying prospectus” mean the UBS prospectus titled “Debt Securities and Warrants,” dated April 29, 2016.

This preliminary pricing supplement, together with the documents listed above, contains the terms of the notes and supersedes all other prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, brochures or other educational materials of ours. You should carefully consider, among other things, the matters set forth in “Additional Risk Factors Specific To Your Notes” beginning on page 8 and in “Risk Factors” on page PS-35 in the accompanying product supplement, as the notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax and other advisors before deciding to invest in the notes.

UBS reserves the right to change the terms of, or reject any offer to purchase, the notes prior to their issuance. In the event of any changes to the terms of the notes, UBS will notify you and you will be asked to accept such changes in connection with your purchase. You may also choose to reject such changes in which case UBS may reject your offer to purchase.

INVESTOR SUITABILITY

The notes may be suitable for you if:

- .. You fully understand the risks inherent in an investment in the notes, including the risk of loss of your entire initial investment.
- .. You can tolerate a loss of all or a substantial portion of your investment and are willing to make an investment that has the same downside market risk of an investment in the stocks comprising the underlier (the “underlier stocks”). You believe the level of the underlier will appreciate over the term of the notes and the final underlier level is unlikely to exceed the cap level (to be set on the trade date and expected to be between 109.53% and 111.18% of the initial underlier level).
- .. You understand and accept that your return on the notes is limited to the maximum settlement amount and you are willing to invest in the notes based on the maximum settlement amount (to be set on the trade date and expected to be between \$1,285.90 and \$1,335.40 for each \$1,000.00 face amount of your notes).
- .. You can tolerate fluctuations in the price of the notes throughout their term that may be similar to or exceed the downside fluctuations in the level of the underlier or the price of the underlier stocks.
- .. You do not seek guaranteed current income from your investment and are willing to forego any dividends paid on the underlier stocks.
- .. You are willing to hold the notes to maturity, a term expected to be between 26 and 29 months, and accept that there may be little or no secondary market for the notes.
- .. You are willing to assume the credit risk of UBS for all payments under the notes, and understand that if UBS defaults on its obligations you may not receive any amounts due to you including any repayment of principal. You understand that the estimated initial value of the notes determined by our internal pricing models is lower than the issue price and that should UBS Securities LLC or any affiliate make secondary markets for the notes, the price (not including their customary bid-ask spreads) will temporarily exceed the internal pricing model price.

The notes may not be suitable for you if:

- .. You do not fully understand the risks inherent in an investment in the notes, including the risk of loss of your entire initial investment.
 - .. You require an investment designed to guarantee a full return of principal at maturity.
- .. You cannot tolerate a loss of all or a substantial portion of your investment or are not willing to make an investment that has the same downside market risk of an investment in the underlier stocks. You believe that the level of the underlier will decline during the term of the notes or you believe the level of the underlier will appreciate over the term of the notes and that the final underlier level is likely to exceed the cap level (to be set on the trade date and expected to be between 109.53% and 111.18% of the initial underlier level).
- .. You seek an investment that has unlimited return potential without a cap on appreciation or you are unwilling to invest in the notes based on the maximum settlement amount (to be set on the trade date and expected to be between \$1,285.90 and \$1,335.40 for each \$1,000.00 face amount of your notes).
- .. You cannot tolerate fluctuations in the price of the notes throughout their term that may be similar to or exceed the downside fluctuations in the level of the underlier or the price of the underlier stocks.
- .. You seek guaranteed current income from this investment or prefer to receive the dividends paid on the underlier stocks.
- .. You are unable or unwilling to hold the notes to maturity, a term expected to be between 26 and 29 months, or you seek an investment for which there will be an active secondary market.
 - .. You are not willing to assume the credit risk of UBS for all payments under the notes.

The investor suitability considerations identified above are not exhaustive. Whether or not the notes are a suitable investment for you will depend on your individual circumstances and you should reach an investment decision only after you and your investment, legal, tax, accounting and other advisors have carefully considered the suitability of an

investment in the notes in light of your particular circumstances. You should also review “Additional Risk Factors Specific To Your Notes” in this preliminary pricing supplement and the more detailed “Risk Factors” in the accompanying product supplement for risks related to an investment in the notes.

KEY TERMS

Issuer: UBS AG, London Branch

Underlier: S&P 500® Index (Bloomberg symbol, “SPX Index”), as maintained by S&P Dow Jones Indices LLC (“S&P” or the “underlier sponsor”)

Specified currency: U.S. dollars (“\$”)

Terms to be specified in accordance with the accompanying product supplement:

<p>..</p> <p>..</p> <p>..</p> <p>..</p> <p>..</p>	<p>type of notes: notes linked to a single underlier</p> <p>averaging dates: not applicable</p> <p>cap level: yes, as described below</p> <p>buffer level: not applicable</p> <p>interest: not applicable</p>
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Face amount: Each note will have a face amount of \$1,000; \$ in the aggregate for all the offered notes; the aggregate face amount of the offered notes may be increased if the issuer, at its sole option, decides to sell an additional aggregate face amount of the notes subsequent to the date of the final pricing supplement. The issue price, underwriting discount, and net proceeds of the notes in the subsequent sale may differ substantially (higher or lower) from the original issue price you paid as provided on the cover of the final pricing supplement. The return (whether positive or negative) on your investment in the notes will depend in part on the issue price you pay for such notes.

Purchase at amount other than face amount: The amount we will pay you at the stated maturity date for your notes will not be adjusted based on the issue price you pay for your notes, so if you acquire notes at a premium (or discount) to face amount and hold them to the stated maturity date, it could affect your investment in a number of ways. The return on your investment in such notes will be lower (or higher) than it would have been had you purchased the notes at face amount. Also, the cap level would be triggered at a lower (or higher) percentage return than indicated below, relative to your initial investment. See “Additional Risk Factors Specific To Your Notes — If You Purchase Your Notes at a Premium to Face Amount, the Return on Your Investment Will Be Lower Than the Return on Notes Purchased at Face Amount and the Impact of Certain Key Terms of the Notes Will be Negatively Affected” in this preliminary pricing supplement.

Supplemental discussion of U.S. federal income tax consequences: You will be obligated pursuant to the terms of the notes — in the absence of a statutory or regulatory change or an administrative determination or a judicial ruling to the contrary — to characterize each note for all tax purposes as a pre-paid derivative contract in respect of the underlier, as described under “Supplemental U.S. Tax Considerations” in the accompanying product supplement. Pursuant to this approach, based on certain factual representations received from us, our counsel, Cadwalader, Wickersham & Taft LLP, is of the opinion that upon the taxable disposition of your notes, it would be reasonable for you to recognize capital gain or loss equal to the difference, if any, between the amount of cash you receive at such time and your tax basis in your notes. The Internal Revenue Service (the “IRS”) might not agree with this treatment, however, in which case, the timing and character of income or loss on your note could be materially and adversely affected.

A 30% withholding tax (which may be reduced by an applicable income tax treaty) is imposed under Section 871(m) of the Internal Revenue Code of 1986, as amended (the “Code”) on certain “dividend equivalents” paid or deemed paid to a non-U.S. holder with respect to a “specified equity-linked instrument” that references one or more dividend-paying U.S. equity securities or indices containing U.S. equity securities. The withholding tax can apply even if the instrument does not provide for payments that reference dividends. U.S. Treasury Department (the “Treasury”) regulations provide that the withholding tax applies to all dividend equivalents paid or deemed paid on specified

equity-linked instruments that have a delta of one (“delta one specified equity-linked instruments”) issued after 2016 and to all dividend equivalents paid or deemed paid on all other specified equity-linked instruments issued after 2018. However, the IRS has issued guidance that states that the Treasury and the IRS intend to amend the effective dates of the Treasury regulations to provide that withholding on dividend equivalents paid or deemed paid will not apply to specified equity-linked instruments that are not delta one specified equity-linked instruments and are issued before January 1, 2021.

Based on our determination that the notes are not “delta-one” with respect to the underlier or any U.S. underlier stocks, our counsel is of the opinion that the notes should not be delta one specified equity-linked instruments and thus should not be subject to withholding on dividend equivalents. Our determination is not binding on the IRS, and the IRS may disagree with this determination. Furthermore, the application of Section 871(m) of the Code will depend on our determinations made upon issuance of the notes. If withholding is required, we will not make payments of any additional amounts.

Nevertheless, after issuance, it is possible that your notes could be deemed to be reissued for tax purposes upon the occurrence of certain events affecting the underlier, underlier stocks or your notes, and following such occurrence your notes could be treated as delta one specified equity-linked instruments that are subject to withholding on dividend equivalents. It is also possible that withholding tax or

other tax under Section 871(m) of the Code could apply to the notes under these rules if you enter, or have entered, into certain other transactions in respect of the underlier, underlier stocks or the notes. If you enter or have entered, into other transactions in respect of the underlier, underlier stocks or the notes you should consult your tax advisor regarding the application of Section 871(m) of the Code to your notes in the context of your other transactions.

Because of the uncertainty regarding the application of the 30% withholding tax on dividend equivalents to the notes, you are urged to consult your tax advisor regarding the potential application of Section 871(m) of the Code and the 30% withholding tax to an investment in the notes.

Pursuant to final and temporary Treasury regulations and IRS Notice 2015-66, the withholding and reporting requirements under FATCA generally apply to certain “withholdable payments” and, if made after December 31, 2018, payments of certain gross proceeds on a sale or disposition and certain foreign passthru payments made after December 31, 2018 (or, if later, the date that final regulations defining the term “foreign pass-thru payment” are published). We will not pay additional amounts with respect to such withholding taxes discussed above.

Subject to the paragraph above, you should read the discussion under “Supplemental U.S. Tax Considerations — Non-United States Holders — Foreign Account Tax Compliance Act” beginning on page PS-77 in the accompanying product supplement and consult your tax advisor concerning the potential application of the Foreign Account Tax Compliance Act.

For more information about the tax consequences of an investment in the notes, you should review carefully the section of the accompanying product supplement entitled “Supplemental U.S. Tax Considerations”.

Cash settlement amount (on the stated maturity date): For each \$1,000 face amount of your notes, we will pay you on the stated maturity date an amount in cash equal to:

.. if the final underlier level is *greater than or equal to* the cap level, the maximum settlement amount;
..if the final underlier level is *greater than* the initial underlier level but *less than* the cap level, the *sum* of (1) \$1,000 *plus* (2) the *product* of (i) \$1,000 *times* (ii) the upside participation rate *times* (iii) the underlier return;
.. if the final underlier level is *equal to* the initial underlier level, \$1,000; or
..if the final underlier level is *less than* the initial underlier level, the *sum* of (1) \$1,000 *plus* (2) the *product* of (i) \$1,000 *times* (ii) the underlier return.

Initial underlier level: the closing level of the underlier on the trade date

Final underlier level: the closing level of the underlier on the determination date, except in the limited circumstances described under “General Terms of the Notes — Market Disruption Event — Consequences of a Market Disruption Event or a Non-Trading Day” and “General Terms of the Notes — Discontinuance of or Adjustments to the Underlier or a Basket Underlier; Alteration of Method of Calculation” in the accompanying product supplement

Underlier return: the *quotient* of (1) the final underlier level *minus* the initial underlier level *divided* by (2) the initial underlier level, expressed as a percentage

Upside participation rate: 300.00%

Cap level (to be set on the trade date): a level of the underlier expected to be between 109.53% and 111.18% of the initial underlier level

Maximum settlement amount (to be set on the trade date): expected to be between \$1,285.90 and \$1,335.40.

Trade date: []

Original issue date (settlement date) (to be set on the trade date): expected to be the fifth business day following the trade date

Determination date (to be set on the trade date): a specified date that is expected to be between 26 and 29 months after the trade date, subject to adjustment as described under “General Terms of the Notes — Determination Date” in the accompanying product supplement, provided, however, that the determination date may not be postponed to a date later than the originally scheduled stated maturity date (which is two (2) business days after the determination date) or, if the originally scheduled stated maturity date is not a business day, the first succeeding business day.

Stated maturity date (to be set on the trade date): a specified date that is expected to be the second business day after the determination date, subject to adjustment as described under “General Terms of the Notes — Stated Maturity Date” in the accompanying product supplement, provided, however, that if the determination date is postponed as provided under “Determination date” above, the stated maturity date will be postponed by the same number of business day(s) from but excluding the originally scheduled determination date to and including the actual determination date.

No interest: The offered notes will not bear interest.

No redemption: The offered notes will not be subject to a redemption right or price dependent redemption right.

No listing: The offered notes will not be listed on any securities exchange or interdealer quotation system.

Closing level: as described under “General Terms of the Notes — Closing Level” in the accompanying product supplement

Business day: as described under “General Terms of the Notes — Business Day” in the accompanying product supplement

Trading day: as described under “General Terms of the Notes — Trading Day” in the accompanying product supplement

Use of proceeds and hedging: as described under “Use of Proceeds and Hedging” in the accompanying product supplement

ERISA: as described under “ERISA Considerations” in the accompanying product supplement

Supplemental plan of distribution (conflicts of interest); secondary markets (if any): UBS will agree to sell to UBS Securities LLC, and UBS Securities LLC will agree to purchase from UBS, the aggregate face amount of the notes specified on the front cover of the final pricing supplement. UBS Securities LLC proposes initially to offer the notes to certain unaffiliated securities dealers at an original issue price set forth on the cover page of this preliminary pricing supplement.

We expect to deliver the notes against payment therefor in New York, New York on _____, 2018, which is expected to be the fifth business day following the date of the final pricing supplement and of the pricing of the notes. Under Rule 15c6-1 of the Securities Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in two business days (T + 2), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on any date prior to two business days before delivery will be required, by virtue of the fact that the notes are initially expected to settle in five business days (T + 5), to specify alternative settlement arrangements to prevent a failed settlement.

Conflicts of interest: UBS Securities LLC is an affiliate of UBS and, as such, has a “conflict of interest” in the offering within the meaning of the Financial Industry Regulatory Authority, Inc. (“FINRA”) Rule 5121. In addition, UBS will receive the net proceeds from the initial public offering of the notes, thus creating an additional conflict of interest within the meaning of FINRA Rule 5121. Consequently, the offering is being conducted in compliance with the provisions of FINRA Rule 5121.

UBS Securities LLC and its affiliates may offer to buy or sell the notes in the secondary market (if any) at prices greater than UBS’ internal valuation: The value of the notes at any time will vary based on many factors that cannot be predicted. However, the price (not including UBS Securities LLC’s or any affiliate’s customary bid-ask spreads) at which UBS Securities LLC or any affiliate would offer to buy or sell the notes immediately after the trade date in the secondary market is expected to exceed the estimated initial value of the notes as determined by reference to our internal pricing models. The amount of the excess will decline to zero on a straight line basis over a period ending no later than 3 months after the trade date, provided that UBS Securities LLC may shorten the period based on various factors, including the magnitude of purchases and other requests from and negotiated arrangements with selling agents. Notwithstanding the foregoing, UBS Securities LLC and its affiliates are not required to make a market for the notes and may stop making a market at any time. For more information about secondary market offers and the estimated initial value of the notes, see “Additional Risk Factors Specific To Your Notes — Fair value considerations” and “Additional Risk Factors Specific To Your Notes — Limited or No Secondary Market and Secondary Market Price

Considerations” in this preliminary pricing supplement.

Prohibition of Sales to EEA Retail Investors: The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended (“MiFID II”); (ii) a customer within the meaning of Directive 2002/92/EC, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC, as amended. Consequently no key information document required by Regulation (EU) No 1286/2014, as amended (the “PRIIPs Regulation”), for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Calculation agent: UBS Securities LLC

CUSIP no.: 90270KVA4

ISIN no.: US90270KVA41

FDIC: The notes are not bank deposits and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

HYPOTHETICAL EXAMPLES

The following table and chart are provided for purposes of illustration only. They should not be taken as an indication or prediction of future investment results and are intended merely to illustrate the impact that the various hypothetical final underlier levels on the determination date could have on the cash settlement amount at maturity assuming all other variables remain constant.

The examples below are based on a range of final underlier levels that are entirely hypothetical; no one can predict what the underlier level will be on any day throughout the life of your notes, and no one can predict what the final underlier level will be on the determination date. The underlier has been volatile in the past — meaning that the underlier level has changed considerably in relatively short periods — and its performance cannot be predicted for any future period.

The information in the following examples reflects hypothetical rates of return on the offered notes assuming that they are purchased on the original issue date at the face amount and held to the stated maturity date. If you sell your notes in a secondary market prior to the stated maturity date, your return will depend upon the market value of your notes at the time of sale, which may be affected by a number of factors that are not reflected in the table below such as interest rates, the volatility of the underlier and our creditworthiness. In addition, the estimated value of your notes at the time the terms of your notes are set on the trade date (as determined by reference to our pricing models) will be less than the original issue price of your notes. For more information on the estimated value of your notes, see “Additional Risk Factors Specific To Your Notes — Fair Value Considerations — The Issue Price You Pay for the Notes Will Exceed Their Estimated Initial Value” in this preliminary pricing supplement. The information in the table also reflects the key terms and assumptions in the box below.

Key Terms and Assumptions

Face amount	\$1,000.00
Upside participation rate	300.00%
Cap level	110.355% of the initial underlier level (the midpoint of the range set forth herein)
Maximum settlement amount	\$1,310.65 (the midpoint of the range set forth on the cover page of this preliminary pricing supplement)

Neither a market disruption event nor a non-trading day occurs on the originally scheduled determination date. No change in or affecting any of the underlier stocks or the method by which the underlier sponsor calculates the underlier.

Notes are purchased on original issue date at the face amount and held to the stated maturity date.

Moreover, we have not yet set the initial underlier level that will serve as the baseline for determining the underlier return or the cap level or the maximum settlement amount, each of which will affect the amount that we will pay on your notes, if any, at maturity. We will not do so until the trade date. As a result, the actual initial underlier level may differ substantially from the underlier level prior to the trade date.

For these reasons, the actual performance of the underlier over the life of your notes, as well as the amount payable at maturity, if any, may bear little relation to the hypothetical examples shown below or to the historical underlier levels shown elsewhere in this preliminary pricing supplement. For information about the historical levels of the underlier during recent periods, see “The Underlier — Historical High, Low and Closing Levels of the Underlier” in this preliminary pricing supplement. Before investing in the offered notes, you should consult publicly available information to determine the levels of the underlier between the date of this preliminary pricing supplement and the date of your

purchase of the offered notes.

Also, the hypothetical examples shown below do not take into account the effects of applicable taxes. Because of the U.S. tax treatment applicable to your notes, tax liabilities could affect the after-tax rate of return on your notes to a comparatively greater extent than the after-tax return on the underlier stocks.

The levels in the left column of the table below represent hypothetical final underlier levels and are expressed as percentages of the initial underlier level. The amounts in the right column represent the hypothetical cash settlement amounts, based on the corresponding hypothetical final underlier level (expressed as a percentage of the initial underlier level), and are expressed as percentages of the face amount of a note (rounded to the nearest one-thousandth of a percent). Thus, a hypothetical cash settlement amount of 100.000% means that the value of the cash payment that we would deliver for each \$1,000.00 of the outstanding face amount of the offered notes on the stated maturity date would equal 100.000% of the face amount of a note, based on the corresponding hypothetical final underlier level (expressed as a percentage of the initial underlier level) and the assumptions noted above.

Hypothetical Final Underlier Level (as Percentage of Initial Underlier Level)	Hypothetical Cash Settlement Amount (as Percentage of Face Amount)
140.000%	131.065%
130.000%	131.065%
120.000%	131.065%
115.000%	131.065%
110.355%	131.065%
110.000%	130.000%
105.000%	115.000%
100.000%	100.000%
95.000%	95.000%
90.000%	90.000%
80.000%	80.000%
70.000%	70.000%
60.000%	60.000%
50.000%	50.000%
25.000%	25.000%
0.000%	0.000%

If, for example, the final underlier level were determined to be 25.000% of the initial underlier level, the cash settlement amount that we would deliver on your notes at maturity would be 25.000% of the face amount of your notes, as shown in the table above. As a result, if you purchased your notes on the original issue date at the face amount and held them to the stated maturity date, you would lose 75.000% of your investment (if you purchased your notes at a premium to face amount you would lose a correspondingly higher percentage of your investment). In addition, if the final underlier level were determined to be 140.000% of the initial underlier level, the cash settlement amount that we would deliver on your notes at maturity would be capped at the maximum settlement amount (expressed as a percentage of the face amount), or 131.065% of each \$1,000.00 face amount of your notes, as shown in the table above. As a result, if you held your notes to the stated maturity date, you would not benefit from any increase in the final underlier level over 110.355% of the initial underlier level.

The following chart also shows a graphical illustration of the hypothetical cash settlement amounts (expressed as a percentage of the face amount of your notes) that we would pay on your notes on the stated maturity date, if the final underlier level (expressed as a percentage of the initial underlier level) were any of the hypothetical levels shown on the horizontal axis. The chart shows that any hypothetical final underlier level (expressed as a percentage of the initial underlier level) of less than 100.000% (the section left of the 100.000% marker on the horizontal axis) would result in a hypothetical cash settlement amount of less than 100.000% of the face amount of your notes (the section below the 100.000% marker on the vertical axis) and, accordingly, in a loss of principal to the holder of the notes. The chart also shows that any hypothetical final underlier level (expressed as a percentage of the initial underlier level) of greater than or equal to 110.355% (the section right of the 110.355% marker on the horizontal axis) would result in a capped return on your investment.

The cash settlement amounts shown above are entirely hypothetical; they are based on market prices for the underlier stocks that may not be achieved on the determination date and on assumptions that may prove to be erroneous. The actual market value of your notes on the stated maturity date or at any other time, including any time you may wish to sell your notes, may bear little relation to the hypothetical cash settlement amounts shown above, and these amounts should not be viewed as an indication of the financial return on an investment in the offered notes. The hypothetical cash settlement amounts on notes held to the stated maturity date in the examples above assume you purchased your notes at their face amount and have not been adjusted to reflect the actual issue price you pay for your notes. The return on your investment (whether positive or negative) in your notes will be affected by the amount you pay for your notes. If you purchase your notes for a price other than the face amount, the return on your investment will differ from, and may be significantly lower than, the hypothetical returns suggested by the above examples. Please read “Additional Risk Factors Specific To Your Notes – Market Risk” and “Additional Risk Factors Specific To Your Notes – If You Purchase Your Notes at a Premium to Face Amount, the Return on Your Investment Will Be Lower Than the Return on Notes Purchased at Face Amount and the Impact of Certain Key Terms of the Notes Will be Negatively Affected” in this preliminary pricing supplement.

We cannot predict the actual final underlier level or what the market value of your notes will be on any particular trading day, nor can we predict the relationship between the underlier level and the market value of your notes at any time prior to the stated maturity date. The actual amount that you will receive, if any, at maturity and the rate of return on the offered notes will depend on the actual initial underlier level, the cap level and the maximum settlement amount, which we will set on the trade date, and the actual final underlier level determined by the calculation agent as described above. Moreover, the assumptions on which the hypothetical returns are based may turn out to be inaccurate. Consequently, the amount of cash to be paid in respect of your notes, if any, on the stated maturity date may be very different from the information reflected in the table and chart above.

ADDITIONAL RISK FACTORS SPECIFIC TO YOUR NOTES

An investment in your notes is subject to the risks described below, as well as the risks described under “Considerations Relating to Indexed Securities” in the accompanying prospectus, dated April 29, 2016, and “Risk Factors” in the accompanying product supplement, dated May 2, 2016. You should carefully review these risks as well as the terms of the notes described herein and in the accompanying prospectus, dated April 29, 2016, as supplemented by the accompanying index supplement, dated April 29, 2016 and the accompanying product supplement, dated May 2, 2016, of UBS. Your notes are a riskier investment than ordinary debt securities. Also, your notes are not equivalent to investing directly in the underlier stocks, i.e., the stocks comprising the underlier to which your notes are linked. You should carefully consider whether the offered notes are suited to your particular circumstances.

You May Lose Your Entire Investment In The Notes

You can lose your entire investment in the notes. The cash payment on your notes, if any, on the stated maturity date will be based on the performance of the underlier as measured from the initial underlier level set on the trade date to the closing level on the determination date. If the final underlier level is *less than* the initial underlier level, you will have a loss for each \$1,000 of the face amount of your notes equal to the *product* of (a) the underlier return *times* (b) \$1,000. Thus, you may lose your entire investment in the notes, which would include any premium to face amount you paid when you purchased the notes. Specifically, you will lose 1% for every 1% negative underlier return.

Also, the market price of your notes prior to the stated maturity date may be significantly lower than the purchase price you pay for your notes. Consequently, if you sell your notes before the stated maturity date, you may receive far less than the amount of your investment in the notes.

The Upside Participation Rate Applies Only At Maturity

You should be willing to hold your notes to maturity. If you are able to sell your notes prior to maturity in the secondary market, the price you receive will likely not reflect the full economic value of the upside participation rate of the notes and the return you realize may be less than the underlier return multiplied by the upside participation rate, even if such return is positive. You can receive the full benefit of any positive underlier return multiplied by the upside participation rate subject to the maximum settlement amount, only if you hold your notes to maturity.

The Potential for the Value of Your Notes to Increase Will Be Limited

Your ability to participate in any change in the value of the underlier over the life of your notes and the positive effects of the upside participation rate on any positive underlier return will be limited because of the cap level, which will be set on the trade date. The maximum settlement amount will limit the cash settlement amount you may receive for each of your notes at maturity, no matter how much the level of the underlier may rise beyond the cap level over the life of your notes. Accordingly, the amount payable for each of your notes may be significantly less than it would have been had you invested directly in the underlier.

Your Notes Will Not Bear Interest

You will not receive any interest payments on your notes. As a result, even if the cash settlement amount payable for your notes on the stated maturity date exceeds the face amount of your notes, the overall return you earn on your notes may be less than you would have earned by investing in a conventional debt security of comparable maturity that bears interest at a prevailing market rate.

The Notes Are Subject to the Credit Risk of the Issuer

The notes are unsubordinated, unsecured debt obligations of the issuer, UBS, and are not, either directly or indirectly, an obligation of any third party. Any payment to be made on the notes, including any repayment of principal, depends on the ability of UBS to satisfy its obligations as they come due. As a result, the actual and perceived creditworthiness of UBS may affect the market value of the notes and, in the event UBS were to default on its obligations, you may not receive any amounts owed to you under the terms of the notes and you could lose your entire initial investment.

Market Risk

The return on the notes is directly linked to the performance of the underlier and indirectly linked to the value of the underlier stocks, and the extent to which the underlier return is positive or negative. The level of the underlier can rise or fall sharply due to factors specific to the underlier stocks, as well as general market factors, such as general market volatility and levels, interest rates and economic and political conditions. You may lose some or all of your initial investment.

Fair Value Considerations

The Issue Price You Pay for the Notes Will Exceed Their Estimated Initial Value

The issue price you pay for the notes will exceed their estimated initial value as of the trade date due to the inclusion in the issue price of hedging costs, issuance costs and projected profits. As of the close of the relevant markets on the trade date, we will determine the estimated initial value of the notes by reference to our internal pricing models and it will be set forth in the final pricing supplement. The pricing models used to determine the estimated initial value of the notes incorporate certain variables, including the level of the underlier, the volatility of the underlier, any expected dividends on the underlier stocks, prevailing interest rates, the term of the notes and our internal funding rate. Our internal funding rate is typically lower than the rate we would pay to issue conventional fixed or floating rate debt securities of a similar term. The hedging costs, issuance costs, projected profits and the difference in rates will reduce the economic value of the notes to you. Due to these factors, the estimated initial value of the notes as of the trade date will be less than the issue price you pay for the notes.

The Estimated Initial Value Is a Theoretical Price; the Actual Price that You May Be Able to Sell Your Notes in Any Secondary Market (if Any) at Any Time After the Trade Date May Differ From the Estimated Initial Value

The value of your notes at any time will vary based on many factors, including the factors described above and in “—Market Risk” above and is impossible to predict. Furthermore, the pricing models that we use are proprietary and rely in part on certain assumptions about future events, which may prove to be incorrect. As a result, after the trade date, if you attempt to sell the notes in the secondary market, the actual value you would receive may differ, perhaps materially, from the estimated initial value of the notes determined by reference to our internal pricing models. The estimated initial value of the notes does not represent a minimum or maximum price at which we or any of our affiliates would be willing to purchase your notes in any secondary market at any time.

Our Actual Profits May Be Greater or Less than the Differential Between the Estimated Initial Value and the Issue Price of the Notes as of the Trade Date

We may determine the economic terms of the notes, as well as hedge our obligations, at least in part, prior to the trade date. In addition, there may be ongoing costs to us to maintain and/or adjust any hedges and such hedges are often imperfect. Therefore, our actual profits (or potentially, losses) in issuing the notes cannot be determined as of the trade date and any such differential between the estimated initial value and the issue price of the notes as of the trade date does not reflect our actual profits. Ultimately, our actual profits will be known only at the maturity of the notes.

Limited or No Secondary Market and Secondary Market Price Considerations

There May Be Little or No Secondary Market for the Notes

The notes will not be listed or displayed on any securities exchange or any electronic communications network. There can be no assurance that a secondary market for the notes will develop. UBS Securities LLC and its affiliates may make a market in the notes, although they are not required to do so and may stop making a market at any time. If you are able to sell your notes prior to maturity, you may have to sell them at a substantial loss. The estimated initial value of the notes does not represent a minimum or maximum price at which we or any of our affiliates would be willing to purchase your notes in any secondary market at any time.

The Price at which UBS Securities LLC and Its Affiliates May Offer to Buy the Notes in the Secondary Market (if Any) May Be Greater than UBS' Valuation of the Notes at that Time, Greater than Any Other Secondary

Market Prices Provided by Unaffiliated Dealers (if Any) and, Depending on Your Broker, Greater than the Valuation Provided on Your Customer Account Statements

For a limited period of time following the issuance of the notes, UBS Securities LLC or its affiliates may offer to buy or sell such notes at a price that exceeds (i) our valuation of the notes at that time based on our internal pricing models, (ii) any secondary market prices provided by unaffiliated dealers (if any) and (iii) depending on your broker, the valuation provided on customer account statements. The price that UBS Securities LLC may initially offer to buy such notes following issuance will exceed the valuations indicated by our internal pricing models due to the inclusion for a limited period of time of the aggregate value of the hedging costs, issuance costs and theoretical projected trading profit. The portion of such amounts included in our price will decline to zero on a straight line basis over a period ending no later than the date specified under “Summary Information – Key Terms – Supplemental plan of distribution (conflicts of interest); secondary markets (if any)” herein. Thereafter, if UBS Securities LLC or an affiliate makes secondary markets in the notes, it will do so at prices that reflect our estimated value determined by reference to our internal pricing models at that time. The temporary positive differential relative to our internal pricing models arises from requests from and arrangements made by UBS Securities LLC with the selling agents of structured debt securities such as the notes. As described above, UBS Securities LLC and its affiliates are not required to make a market for the notes and may stop making a market at any time. The price at which UBS Securities LLC or an affiliate may make secondary markets at any time (if at all) will also reflect its then current bid-ask spread for similar sized trades of structured debt securities. UBS Securities LLC reflects this temporary positive differential on its customer statements. Investors should inquire as to the valuation provided on customer account statements provided by unaffiliated dealers.

Price of Notes Prior to Maturity

The market price of the notes will be influenced by many unpredictable and interrelated factors, including the level of the underlier; the volatility of the underlier; the dividend rate paid on the underlier stocks; the time remaining to the maturity of the notes; interest rates in the markets; geopolitical conditions and economic, financial, political, force majeure and regulatory or judicial events; the creditworthiness of UBS and the then current bid-ask spread for the notes.

Impact of Fees and the Use of Internal Funding Rates Rather than Secondary Market Credit Spreads on Secondary Market Prices

All other things being equal, the use of the internal funding rates described above under “—Fair Value Considerations” as well as the inclusion in the original issue price of hedging costs, issuance costs and any projected profits are, subject to the temporary mitigating effect of UBS Securities LLC’s and its affiliates’ market making premium, expected to reduce the price at which you may be able to sell the notes in any secondary market.

The Amount Payable on Your Notes Is Not Linked to the Level of the Underlier at Any Time Other than the Determination Date

The final underlier level will be based on the closing level of the underlier on the determination date, except in the limited circumstances described under “General Terms of the Notes – Consequences of a Market Disruption Event or a Non-Trading Day” and “General Terms of the Notes – Discontinuance of or Adjustments to the Underlier or a Basket Underlier; Alteration of Method of Calculation” in the accompanying product supplement. Therefore, if the closing level of the underlier dropped precipitously on the determination date, the cash settlement amount for your notes may be significantly less than it would have been had the cash settlement amount been linked to the closing level of the underlier prior to such drop in the level of the underlier. Although the actual level of the underlier on the stated maturity date or at other times during the life of your notes may be higher than the final underlier level, you will not benefit from the closing level of the underlier at any time other than on the determination date.

You Have No Shareholder Rights or Rights to Receive Any Underlier Stock

Investing in your notes will not make you a holder of any of the underlier stocks. Neither you nor any other holder or owner of your notes will have any voting rights, any right to receive dividends or other distributions, any rights to make a claim against the underlier stocks or any other rights with respect to the underlier stocks. Your notes will be paid in cash and you will have no right to receive delivery of any underlier stocks.

We May Sell an Additional Aggregate Face Amount of the Notes at a Different Issue Price

At our sole option, we may decide to sell an additional aggregate face amount of the notes subsequent to the date of the final pricing supplement. The issue price and net proceeds of the notes in the subsequent sale may differ substantially (higher or lower) from the original issue price you paid as provided on the cover of the final pricing supplement. The return (whether positive or negative) on your investment in the notes will depend in part on the issue price you pay for such notes.

If You Purchase Your Notes at a Premium to Face Amount, the Return on Your Investment Will Be Lower Than the Return on Notes Purchased at Face Amount and the Impact of Certain Key Terms of the Notes Will be Negatively Affected

The cash settlement amount will not be adjusted based on the original issue price you pay for the notes. If you purchase notes at a price that differs from the face amount of the notes, then the return on your investment in such notes held to the stated maturity date will differ from, and may be substantially less than, the return on notes purchased at face amount. If you purchase your notes at a premium to face amount and hold them to the stated maturity date, the return on your investment in the notes will be lower than it would have been had you purchased the notes at face amount or a discount to face amount.

In addition, the extent to which you are exposed to any negative underlier return will depend upon the price you pay for your notes relative to face amount. For example, if you purchase your notes at a premium to face amount, the notes may have a negative return even if the final underlier level is greater than or equal to the initial underlier level.

Lastly, the impact of the cap level on the return on your investment, and the extent to which the cap level will diminish your exposure to any positive underlier return (as leveraged by the upside participation rate), will also depend on the price you pay for your notes relative to face amount. For example, if you purchase your notes at a premium to face amount, the cap level will only permit a lower percentage increase in your investment in the notes than would have been the case for notes purchased at face amount or a discount to face amount.

The Underlier Reflects Price Return, Not Total Return

The return on your notes is based on the performance of the underlier, which reflects the changes in the market prices of the underlier stocks. It is not, however, linked to a “total return” index or strategy, which, in addition to reflecting those price returns, would also reflect dividends paid on the underlier stocks. The return on your notes will not include such a total return feature or dividend component.

The Notes are Considered “Hold To Maturity” Products

Generally, there is no liquid market for the notes.

Changes Affecting The Underlier Could Have An Adverse Effect On The Value of The Notes

The policies of S&P, the underlier sponsor, concerning additions, deletions and substitutions of the underlier stocks and the manner in which the underlier sponsor takes account of certain changes affecting those underlier stocks may adversely affect the level of the underlier. The policies of the underlier sponsor with respect to the calculation of the underlier could also adversely affect the level of the underlier. The underlier sponsor may discontinue or suspend calculation or dissemination of the underlier. Any such actions could have an adverse effect on the value of the notes.

UBS Cannot Control Actions By the Underlier Sponsor and the Underlier Sponsor Has No Obligation To Consider Your Interests

UBS and its affiliates are not affiliated with the underlier sponsor and have no ability to control or predict its actions, including any errors in or discontinuation of public disclosure regarding methods or policies relating to the calculation of the underlier. The underlier sponsor is not involved in the notes offering in any way and has no obligation to consider your interest as an owner of the notes in taking any actions that might affect the market value of your notes.

Potential Conflict of Interest

UBS and its affiliates may engage in business related to the underlier or underlier stocks, which may present a conflict between the obligations of UBS and you, as a holder of the notes. There are also potential conflicts of interest between you and the calculation agent, which will be an affiliate of UBS. The calculation agent will determine the underlier return and the cash settlement amount, if any, based on the closing level of the underlier on the determination date. The calculation agent can postpone the determination of the final underlier level if a market disruption event occurs and is continuing on the determination date. As UBS determines the economic terms of the notes, including the upside participation rate and the cap level, and such terms include hedging costs, issuance costs and projected profits, the notes represent a package of economic terms. There are other potential conflicts of interest insofar as an investor could potentially get better economic terms if that investor entered into exchange-traded and/or OTC derivatives or other instruments with third parties, assuming that such instruments were available and the investor had the ability to assemble and enter into such instruments.

Furthermore, given that UBS Securities LLC and its affiliates temporarily maintain a market making premium, it may have the effect of discouraging UBS Securities LLC and its affiliates from recommending the sale of your notes in the secondary market. UBS or its affiliates may earn additional profits (or potentially incur losses) as a result of payments pursuant to such hedging activities. In performing these duties, the economic interests of UBS, UBS Securities LLC, the dealers or their respective affiliates are potentially adverse to your interests as an investor in the notes. Additionally, hedging activities may adversely affect the market value of your notes and the amount we will pay on your notes.

Potentially Inconsistent Research, Opinions or Recommendations By UBS

UBS and its affiliates publish research from time to time on financial markets and other matters that may influence the value of the notes, or express opinions or provide recommendations that are inconsistent with purchasing or holding the notes. Any research, opinions or recommendations expressed by UBS or its affiliates may not be consistent with each other and may be modified from time to time without notice. Investors should make their own independent investigation of the merits of investing in the notes and the underlier to which the notes are linked.

The Notes Are Not Bank Deposits

An investment in the notes carries risks which are very different from the risk profile of a bank deposit placed with UBS or its affiliates. The notes have different yield and/or return, liquidity and risk profiles and would not benefit from any protection provided to deposits.

If UBS experiences financial difficulties, FINMA has the power to open restructuring or liquidation proceedings in respect of, and/or impose protective measures in relation to, UBS, which proceedings or measures may have a material adverse effect on the terms and market value of the notes and/or the ability of UBS to make payments thereunder

The Swiss Financial Market Supervisory Authority ("FINMA") has broad statutory powers to take measures and actions in relation to UBS if (i) it concludes that there is justified concern that UBS is over-indebted or has serious liquidity problems or (ii) UBS fails to fulfil the applicable capital adequacy requirements (whether on a standalone or consolidated basis) after expiry of a deadline set by FINMA. If one of these pre-requisites is met, FINMA is authorized to open restructuring proceedings or liquidation (bankruptcy) proceedings in respect of, and/or impose protective measures in relation to, UBS. The Swiss Banking Act grants significant discretion to FINMA in connection with the aforementioned proceedings and measures. In particular, a broad variety of protective measures may be imposed by FINMA, including a bank moratorium or a maturity postponement, which measures may be ordered by FINMA either on a stand-alone basis or in connection with restructuring or liquidation proceedings. The resolution regime of the Swiss Banking Act is further detailed in the FINMA Banking Insolvency Ordinance ("BIO-FINMA"). In a restructuring proceeding, FINMA, as resolution authority, is competent to approve the resolution plan. The resolution plan may, among other things, provide for (a) the transfer of all or a portion of UBS' assets, debts, other liabilities and contracts (which may or may not include the contractual relationship between UBS and the holders of notes) to another entity, (b) a stay (for a maximum of two business days) on the termination of contracts to which UBS is a party, and/or the exercise of (w) rights to terminate, (x) netting rights, (y) rights to enforce or dispose of collateral or (z) rights to transfer claims, liabilities or collateral under contracts to which UBS is a party, (c) the conversion of UBS' debt and/or other obligations, including its obligations under the notes, into equity (a "debt-to-equity" swap), and/or (d) the partial or full write-off of obligations owed by UBS (a "write-off"), including its obligations under the notes. The BIO-FINMA provides that a debt-to-equity swap and/or a write-off of debt and other obligations (including the notes) may only take place after (i) all debt instruments issued by UBS qualifying as additional tier 1 capital or tier 2 capital have been converted into equity or written-off, as applicable, and (ii) the existing equity of UBS has been fully cancelled. While the BIO-FINMA does not expressly address the order in which a write-off of debt instruments other than debt instruments qualifying as additional tier 1 capital or tier 2 capital should occur, it states that debt-to-equity swaps should occur in the following order: first, all subordinated claims not qualifying as regulatory capital; second, all other claims not excluded by law from a debt-to-equity swap (other than deposits); and third, deposits (in excess of the amount privileged by law). However, given the broad discretion granted to FINMA as the resolution authority, any restructuring plan in respect of UBS could provide that the claims under or in connection with the notes will be partially or fully converted into equity or written-off, while preserving other obligations of UBS that rank *pari passu* with, or even junior to, UBS' obligations under the notes. Consequently, holders of notes may lose all of some of their investment in the notes. In the case of restructuring proceedings with respect to a systemically important Swiss bank (such as UBS), the creditors whose claims are affected by the restructuring plan will not have a right to vote on, reject, or seek the suspension of the restructuring plan. In addition, if a restructuring plan has been approved by FINMA, the rights of a creditor to seek judicial review of the restructuring plan (e.g., on the grounds that the plan would unduly prejudice the rights of holders of notes or otherwise be in violation of the Swiss Banking Act) are very limited. In particular, a court may not suspend the implementation of the restructuring plan. Furthermore, even if a creditor successfully challenges the restructuring plan, the court can only require the relevant creditor to be compensated *ex post* and there is currently no guidance as to on what basis such compensation would be calculated or how it would be funded.

Uncertain Tax Treatment

Significant aspects of the tax treatment of the notes are uncertain. There are no statutory provisions, regulations, published rulings or judicial decisions addressing the characterization for U.S. federal income tax purposes of securities with terms that are substantially the same as the notes, and we do not plan to request a ruling from the IRS. Consequently, significant aspects of the tax treatment of the notes are uncertain, and the IRS or a court might not agree with the treatment of the notes as pre-paid financial contracts that are not debt. Accordingly, it is possible that your notes could alternatively be treated for tax purposes, and that the timing and character of the income or loss on your notes could be materially and adversely affected.

In 2007, the IRS released a notice that may affect the taxation of holders of the notes. According to Notice 2008-2, the IRS and the Treasury are actively considering whether the holder of an instrument similar to the notes should be required to accrue ordinary income on a current basis, and they are seeking taxpayer comments on the subject. It is not possible to determine what guidance they will ultimately issue, if any. It is possible, however, that under such guidance, holders of the notes will ultimately be required to accrue income currently and this could be applied on a retroactive basis. The IRS and the Treasury are also considering other relevant issues, including whether additional gain or loss from such instruments should be treated as ordinary or capital, whether non-U.S. holders of such instruments should be subject to withholding tax on any deemed income accruals, and whether the special “constructive ownership rules” of Section 1260 of the Code should be applied to such instruments. Holders are urged to consult their tax advisors concerning the significance, and the potential impact, of the above considerations. Except to the extent otherwise required by law, UBS intends to treat your notes for U.S. federal income tax purposes in accordance with the treatment described above under “Supplemental discussion of U.S. federal income tax consequences” and under “Supplemental U.S. Tax Considerations” in the accompanying product supplement, unless and until such time as the Treasury and the IRS determine that some other treatment is more appropriate.

Prospective purchasers of notes should consult their tax advisors as to the U.S. federal, state, local, non-U.S. and other tax consequences to them of the purchase, ownership and disposition of the notes. For more information, see “Supplemental U.S. Tax Considerations” in the accompanying product supplement.

THE UNDERLIER

We have derived all information regarding the S&P 500[®] Index (“SPX”) contained in this document, including, without limitation, its make-up, method of calculation and changes in its components, from publicly available information. Such information reflects the policies of, and is subject to change by S&P Dow Jones Indices LLC (its “index sponsor” or “S&P Dow Jones”).

SPX is published by S&P Dow Jones, but S&P Dow Jones has no obligation to continue to publish SPX, and may discontinue publication of SPX at any time. SPX is determined, comprised and calculated by S&P Dow Jones without regard to the Securities.

The S&P 500[®] Index is published by S&P. As discussed more fully in the index supplement under the heading “Underlying Indices and Underlying Index Publishers — S&P 500[®] Index”, the S&P 500[®] Index is intended to provide an indication of the pattern of common stock price movement. The calculation of the value of the S&P 500[®] Index is based on the relative value of the aggregate market value of the common stock of 500 companies as of a particular time compared to the aggregate average market value of the common stocks of 500 similar companies during the base period of the years 1941 through 1943. Eleven main groups of companies comprise SPX, with the percentage weight of each group in the index as a whole as of September 28, 2018 as follows: Information Technology (21.0%), Health Care (15.0%), Financials (13.3%), Consumer Discretionary (10.3%), Communication Services (10.0%), Industrials (9.7%), Consumer Staples (6.7%), Energy (6.0%), Utilities (2.8%), Real Estate (2.7%) and Materials (2.4%). As of the close of business on September 21, 2018, the underlier sponsor and MSCI, Inc. updated the Global Industry Classification Sector structure. Among other things, the update broadened the Telecommunications Services sector and renamed it the Communication Services sector. The renamed sector includes the previously existing Telecommunication Services Industry group, as well as the Media Industry group, which was moved from the Consumer Discretionary sector and renamed the Media & Entertainment Industry group. The Media & Entertainment Industry group contains three industries: Media, Entertainment and Interactive Media & Services. The Media industry continues to consist of the Advertising, Broadcasting, Cable & Satellite and Publishing sub-industries. The Entertainment industry contains the Movies & Entertainment sub-industry (which includes online entertainment streaming companies in addition to companies previously classified in such industry prior to September 21, 2018) and the Interactive Home Entertainment sub-industry (which includes companies previously classified in the Home Entertainment Software sub-industry prior to September 21, 2018 (when the Home Entertainment Software sub-industry was a sub-industry in the Information Technology sector)), as well as producers of interactive gaming products, including mobile gaming applications). The Interactive Media & Services industry and sub-industry includes companies engaged in content and information creation or distribution through proprietary platforms, where revenues are derived primarily through pay-per-click advertisements, and includes search engines, social media and networking platforms, online classifieds and online review companies. The Global Industry Classification Sector structure changes are effective for the S&P 500[®] Index as of the open of business on September 24, 2018 to coincide with the September 2018 quarterly rebalancing.

As of July 31, 2017, companies with multiple share class lines are no longer eligible for inclusion in the S&P 500[®] Index. Constituents of the S&P 500[®] Index prior to July 31, 2017 with multiple share class lines will be grandfathered in and continue to be included in the S&P 500[®] Index. If a constituent company of the S&P 500[®] Index reorganizes into a multiple share class line structure, that company will remain in the S&P 500[®] Index at the discretion of the S&P Index Committee in order to minimize turnover.

In addition to the criteria for addition to the S&P 500[®] Index set forth in the accompanying index supplement, a company must have a primary listing of its common stock on the NYSE, NYSE Arca, NYSE American (formerly NYSE MKT), NASDAQ Global Select Market, NASDAQ Select Market, NASDAQ Capital Market, Bats BZX, Bats BYX, Bats EDGA, Bats EDGX or IEX and, effective July 31, 2017, the criteria employed by S&P for purposes of

making additions to the S&P 500[®] Index were changed as follows: (a) the former “corporate governance structure consistent with U.S. practice” requirement was removed; and (b) with respect to constituents of the S&P MidCap 400[®] Index and the S&P SmallCap 600[®] Index that are being considered for addition to the S&P 500[®] Index, the financial viability, public float and/or liquidity eligibility criteria no longer need to be met if the S&P Index Committee decides that such an addition will enhance the representativeness of the S&P 500[®] Index as a market benchmark. Effective March 10, 2017, company additions to the underlier should have an unadjusted company market capitalization of \$6.1 billion or more (an increase from the previous requirement of an unadjusted company market capitalization of \$5.3 billion or more).

Information from outside sources is not incorporated by reference in, and should not be considered part of, this preliminary pricing supplement or any document incorporated herein by reference. Information about the underlier, including the methodology used to calculate the underlier, is available at us.spindices.com/indices/equity/sp-500. We are not incorporating by reference the website or any material it includes in this preliminary pricing supplement or any document incorporated herein by reference.

Historical High, Low and Closing Levels of the Underlier

The closing level of the underlier has fluctuated in the past and may, in the future, experience significant fluctuations. Any historical upward or downward trend in the closing level of the underlier during any period shown below is not an indication that the underlier is more or less likely to increase or decrease at any time during the life of your notes.

The following table sets forth the quarterly closing high, quarterly closing low and quarterly closing levels for the underlier, based on the daily closing level as reported by Bloomberg Professional® service (“Bloomberg”), without independent verification. UBS has not conducted any independent review or due diligence of publicly available information obtained from Bloomberg. The closing level of the underlier on October 23, 2018 was 2,740.69. ***Past performance of the underlier is not indicative of the future performance of the underlier.***

Quarterly Closing High, Closing Low and Closing Levels of the Underlier

Quarter Begin	Quarter End	Quarterly Closing High	Quarterly Closing Low	Quarterly Close
1/1/2014	3/31/2014	1,878.04	1,741.89	1,872.34
4/1/2014	6/30/2014	1,962.87	1,815.69	1,960.23
7/1/2014	9/30/2014	2,011.36	1,909.57	1,972.29
10/1/2014	12/31/2014	2,090.57	1,862.49	Special Meeting of Central Shareholders; Required Vote (see page 1)

Central will hold a special meeting of shareholders at Holiday Inn - Somerville, located at 30 Washington Street, Somerville, Massachusetts 02143 on Tuesday, September 11, 2012 at 11:00 a.m., Eastern Daylight Time. Central’s shareholders

to approve the merger agreement and the transactions contemplated thereby;

to vote upon a proposal to adjourn the special meeting, if necessary, to solicit additional proxies;

to vote on a non-binding advisory resolution approving certain compensation payable to the members of Central in connection with the merger; and

to consider and act upon any other matters as may properly come before the special meeting, including any postponement thereof.

You can vote at the Central special meeting if you owned Central common stock at the close of business on September 10, 2012. As of that date, there were 1,690,951 shares of Central common stock outstanding and entitled to vote, approximately 95% of which were held by Central directors and executive officers and their affiliates. You can cast one vote per share of Central common stock you owned on that date. In order to approve the merger agreement and the transactions contemplated by the merger agreement, two-thirds of the outstanding shares of Central common stock entitled to vote must vote in favor of doing so.

What Holders of Central Stock Options and Restricted Stock Will Receive (see page 55)

All outstanding unvested Central stock options and restricted shares of Central common stock will be cancelled upon consummation of the merger. Central options will be cancelled upon consummation of the merger, and cash payment upon such cancellation in an amount equal to the product of (i) the number of shares of Central common stock covered by such option and (ii) the excess, if any, of (a) \$32.00 over (b) the exercise price of the option. All such options will be treated as outstanding Central shares for all purposes under the merger agreement, including for purposes of receiving the merger consideration.

Dividend Policy of Independent; Dividends from Central (see page 119)

The holders of Independent common stock receive dividends as and when declared by Independent's board of directors. Independent has declared quarterly cash dividends of \$0.20 per share of common stock for the first quarter of 2012, dividends of \$0.18 per share of common stock for each quarter in 2011 and dividends of \$0.18 per share of common stock for each quarter of 2010. In connection with the merger, subject to approval and declaration by Independent's board of directors, Independent expects to continue to pay dividends on a basis consistent with past practices.

Table of Contents

Prior to completion of the merger, Central's shareholders will continue to receive any regular quarterly dividends on Central, at a rate not to exceed \$0.05 per share of Central common stock.

Fairness Opinion Presented to the Central Board of Directors (see page B-1)

Keefe, Bruyette & Woods, Inc. (KBW), has provided an opinion to Central's board of directors, dated as of that date and based upon and subject to the factors and assumptions set forth in the opinion, the merits of the merger, from a financial point of view, to the holders of Central common stock. We have attached to this proxy statement a copy of the text of KBW's opinion, which sets forth, among other things, the assumptions made, procedures followed, and conclusions reached on the review undertaken by KBW in connection with its opinion. We urge you to read the opinion in its entirety. The opinion addressed to Central's board of directors, is directed only to the fairness, from a financial point of view, of the merger to the holders of Central common stock and does not constitute a recommendation to any shareholder as to whether to approve the merger agreement. Pursuant to an engagement letter between Central and KBW, Central has agreed to pay a fee, a portion of which is payable only upon completion of the merger.

Recommendation of Central's Board of Directors and Reasons for the Merger (see page 40)

Central's board of directors has unanimously determined that the merger agreement and the merger are in the best interests of Central and its shareholders and accordingly unanimously recommends that Central's shareholders vote in favor of the merger agreement and the transactions contemplated thereby.

In determining whether to approve the merger agreement, Central's board of directors consulted with its legal and financial advisers. In arriving at its determination, Central's board of directors also considered the Merger Recommendation of Central's Board of Directors and Reasons for the Merger.

Interests of Central's Executive Officers and Directors in the Merger (see page 50)

Some of the directors and executive officers of Central have financial interests in the merger that are different from the interests of Central's other shareholders generally. These interests include rights of executive officers under change-in-control and supplemental retirement agreements, which rights are being provided through so-called "golden parachutes" in connection with the merger agreement; rights under Central's equity-based benefit programs and awards (with respect to John J. Morrissey); and rights to continued indemnification and insurance coverage by Central and omissions occurring before the merger.

The boards of directors of Independent and Central were aware of these interests and considered them in connection with the merger agreement and related transactions.

Central Directors Have Agreed to Vote in Favor of the Merger Agreement (see page 68)

On July 23, 2012, the directors of Central had sole or shared voting power over 383,297 shares, or approximately 100% of the shares of Central common stock. These directors have agreed with Independent to vote their shares of Central common stock in favor of the merger agreement and the transactions contemplated thereby.

Table of Contents

Approval by Independent s Board of Directors and Reasons for the Merger (see page 48)

Independent s board of directors has unanimously approved and adopted the merger agreement.

In determining whether to approve the merger agreement, Independent s board of directors consulted and with its legal and financial advisers. In arriving at its determination, Independent s board of directors described under The Merger Approval by Independent s Board of Directors and Reasons for the Merger.

Boards of Directors after the Merger (see page 54)

Contingent upon consummation of the merger, John J. Morrissey will be elected to the boards of directors of Trust.

Non-Solicitation (see page 61)

Central has agreed that it will not solicit or knowingly encourage any inquiries or proposals regarding parties. Central may respond to unsolicited proposals in certain circumstances if required by Central s. Central must promptly notify Independent if it receives any acquisition proposals.

Conditions to Complete the Merger (see page 64)

Each of Independent s and Central s obligations to complete the merger is subject to the satisfaction of the following conditions, including:

the approval of the merger agreement and the transactions contemplated by the merger agreement, by Central s shareholders at the Central special meeting described in this proxy statement;

the receipt and effectiveness of all regulatory approvals, registrations and consents (none of which is a condition, as defined in the merger agreement), and the expiration of all waiting periods required by applicable law;

the effectiveness of the registration statement with respect to the Independent common stock under the Securities Act, and the absence of any stop order or proceedings initiated or threatened by the SEC or the Commission for that purpose; and

the absence of any statute, regulation, rule, decree, injunction or other order in effect by any governmental authority that prohibits completion of the transactions contemplated by the merger agreement.

Each of Independent s and Central s obligations to complete the merger is also separately subject to the satisfaction of the following conditions, including:

the receipt by the party of a legal opinion from its counsel with respect to certain U.S. federal securities law consequences of the merger; and

the other company s representations and warranties in the merger agreement being true and accurate in all material respects, and the performance by the other party in all material respects of its obligations under the merger agreement.

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Independent's obligation to complete the merger is further subject to the conditions that the number of common stock shall not exceed 1,690,951, except to the extent increased as a result of the exercise of a non-competition and non-solicitation agreement from John D. Doherty and a consulting, non-competition agreement from William P. Morrissey.

Table of Contents

Termination of the Merger Agreement (see page 64)

Independent and Central may mutually agree at any time to terminate the merger agreement without the approval of the shareholders if the shareholders have approved the merger transactions. Also, either Independent or Central can terminate the merger agreement in certain circumstances, including the following:

if any regulatory approval necessary for consummation of the transactions contemplated by the merger agreement has not been obtained;

if the merger is not completed by March 31, 2013;

if the other party breaches the merger agreement in a way that would entitle the party seeking to consummate the merger to terminate the merger agreement, subject to the right of the breaching party to cure the breach by providing written notice or two business days before March 31, 2013 (unless it is not possible due to the nature of the breach); or

if Central's shareholders do not approve the merger agreement and the transactions contemplated by the merger agreement. Additionally, Independent may terminate the merger agreement if:

Central has materially breached its non-solicitation obligations described under "Alternative Transactions" beginning on page 61;

Central's board fails to recommend in this proxy statement/prospectus the approval of the merger agreement;

Central's board of directors recommends, proposes or publicly announces its intention to renege on the merger agreement or to engage in an Acquisition Transaction with any party other than Independent or a subsidiary of Independent;

Central breaches its obligation to call, give notice of, convene and hold a meeting of shareholders to approve the merger agreement and the transactions contemplated thereby. Additionally, Central may terminate the merger agreement if:

it enters into a Superior Proposal as described under "The Merger Agreement - No Solicitation" beginning on page 64, as it pays a termination fee of \$2.2 million to Independent; or

it exercises its right to terminate the merger agreement pursuant to a walk away right that is subject to a top up option, if (a) the twenty day volume-weighted average price of Independent's common stock as of a measurement date prior to closing is 20% below both (i) the twenty day volume-weighted average price of Independent's common stock as of April 30, 2012 and (ii) the twenty day volume-weighted average price of the Nasdaq Bank Stock Index, (b) Central elects to terminate the agreement by a majority vote of its board of directors, and (c) following notice of such election Independent does not exercise its top up option under the merger agreement. In such event, the exchange ratio to a number that would compensate Central's shareholders for the extent of

stock price below the prices specified in (a)(i) and (ii) above. If Independent does exercise will occur.

Termination Fee (see page 65)

Central has agreed to pay a termination fee of \$2.2 million to Independent if the merger agreement is terminated under the circumstances described in The Merger Agreement Termination Fee and Expense Reimbursement

Table of Contents

Advisory Vote on Named Executive Officer Compensation (see page 35)

Central's shareholders are being asked to vote on a non-binding advisory resolution approving certain executive officers of Central in connection with the merger. Assuming a quorum is present at the Central non-binding advisory resolution approving certain compensation payable to the named executive officers, the merger will require the affirmative vote of a majority of the votes cast with respect to the proposal. Absent such approval, the merger will not be completed. Approval of this resolution will not affect whether such resolution is approved. Approval of this resolution is not a condition to completion of the merger. Approval of this resolution will not be binding on Central or on Independent. Therefore, if the merger is approved by Central's shareholders, compensation will still be paid to Central's named executive officers if and when due.

Regulatory Approvals Required for the Merger (see page 49)

Completion of the transactions contemplated by the merger agreement is subject to various regulatory approvals from the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Board of Bank Incorporation in Massachusetts and the Massachusetts Commissioner of Banks. Independent and Central have completed the required applications and notices with regulatory authorities. Although we do not know of any reason why we will not receive the necessary regulatory approvals in a timely manner, we cannot be certain when or if we will receive such approvals.

Rights of Independent Shareholders Differ from Those of Central Shareholders (see page 118)

When the merger is completed, Central's shareholders who receive Independent common stock as consideration will automatically become Independent's shareholders. The rights of Independent's shareholders differ from Central's shareholders in many important ways. Many of these differences relate to provisions in Independent's articles of organization and bylaws that differ from Central's. See "Comparison of Rights of Shareholders of Central and Independent" beginning on page 118 for a discussion of the differences between the respective rights of Central and Independent shareholders.

Tax Consequences of the Merger (see page 70)

The federal tax consequences of the merger to shareholders of Central will depend primarily on whether they receive cash or Independent common stock solely for cash or for a combination of Independent common stock and cash. Shareholders who exchange their shares solely for Independent common stock should not recognize gain or loss on the exchange. Central shareholders who exchange their shares solely for cash should recognize gain or loss on the exchange. Central shareholders who exchange their shares for a combination of Independent common stock and cash should recognize capital gain on the cash portion of the consideration. The federal income tax consequences to Central shareholders of electing to receive cash, Independent common stock or a combination of cash and Independent common stock will not be ascertainable at the time Central shareholders make their election because it will not be known whether the merger will be completed. To the extent, the allocation and proration procedures will apply.

This tax treatment may not apply to all Central shareholders. Determining the actual tax consequences to individual shareholders can be complicated. Central shareholders should consult their own tax advisor for more information on the tax consequences that are particular to each shareholder.

To review the tax consequences of the merger to Central shareholders in greater detail, please see the section "Tax Consequences of the Merger" beginning on page 70.

Table of Contents**Dissenters' Rights of Appraisal (see page 32)**

Central has concluded that shareholders are not entitled to assert appraisal rights under Sections 13.01 of the Massachusetts Business Corporation Act. Any shareholder who believes he is or may be entitled to appraisal rights under the Act with the merger must deliver to Central, before the vote is taken at the special meeting, written notice of his appraisal rights and his shares in the manner specified in the statute, and must not vote his shares in favor of the merger. A copy of the Business Corporation Act provisions is attached as Annex C to this proxy statement/prospectus.

Comparative Per Share Market Price Information (see page 22)

Independent common stock trades on the NASDAQ Global Select Market under the symbol INDB and Central common stock trades on the NASDAQ Global Market under the symbol CEBK. The following presents the closing sale prices of Independent common stock and Central common stock on April 30, 2012, the last trading day before we announced the merger agreement, and the closing price of Central common stock on the last practicable trading day prior to mailing this document. The table also represents the equivalent value of Independent common stock per share of Central common stock on those dates, calculated by multiplying the closing price of Independent common stock on those dates by an exchange ratio calculated in accordance with the merger agreement based on the volume of shares of Independent common stock for the respective twenty trading day period ending immediately before such date and the volume of shares of Independent common stock that Central's shareholders would receive in the merger for each share of Independent common stock at such exchange ratio.

Date	Independent Closing Price	Central Closing Price
April 30, 2012	\$ 28.07	\$ 18.05
July 30, 2012	\$ 29.88	\$ 31.93

The market prices of both Independent common stock and Central's common stock will fluctuate and are not necessarily indicative of current stock price quotations for Independent common stock and Central common stock.

Litigation Relating to the Merger (see page 53)

A putative stockholder class action lawsuit was filed in connection with the merger agreement on July 12, 2012, in the Superior Court of Middlesex County, Massachusetts, against Central, each of Central's directors, and Independent, captioned as *D. Doherty et al, Civil Action No. 12-2682*. The lawsuit alleges that Central and Central's directors breached their fiduciary duty to Central's shareholders in connection with the approval and disclosure of the proposed merger with Independent and abetted the alleged breaches of fiduciary duty. Central, Central's directors and Independent believe the lawsuit and complaint are without merit and intend to defend vigorously against the allegations in the complaint.

Table of Contents**RISK FACTORS**

In addition to the other information included in this proxy statement/prospectus, including the matters discussed under "Risk Factors," Central's shareholders should carefully consider the following risks before deciding whether to vote in favor of the merger agreement. In addition, shareholders of Central should read and consider the risks associated with each of the companies included in the merger and Central because these risks will relate to the combined company. Certain of these risks can be found in Central's annual report on Form 10-K for the fiscal year ended December 31, 2011, and quarterly report on Form 10-Q for the quarter ended March 31, 2012. You should also consider the other information in this proxy statement/prospectus incorporated by reference into this proxy statement/prospectus. See "Where You Can Find More Information About Us" and "Documents by Reference" beginning on page 126.

Risks Related to the Merger

While the exchange ratio that will be used to calculate how many shares of Independent common stock each share of Central common stock will receive in the merger will fluctuate based on fluctuations in the price of Independent common stock, absent an exercise by Central of its walk away right and a subsequent top up election by Independent common stock, the exchange ratio of 1.1878 regardless of how significant the changes in the market value of Central common stock might be before the completion of the merger.

Upon completion of the merger, each share of Central common stock will be converted into the right to receive (2) a number of shares of Independent common stock as determined by an exchange ratio that will fluctuate within a set range to adjust for fluctuations in the price of Independent common stock. The final exchange ratio will be determined by a 12% range (i.e., 6% upward or downward) of a \$28.66 base price for Independent common stock (with an adjustment of 1.1165) by dividing \$32.00 by the volume weighted average price of Independent common stock for the period ending with the last regulatory approval of the transaction and the expiration of any waiting periods resulting from the transaction. For illustration using the extreme low of the possible 12% range, if the volume weighted average price of Independent common stock for the applicable period is \$26.94 (i.e., 6% below \$28.66) or less, the exchange ratio will increase to 1.1878, regardless of how far below \$26.94 the volume weighted average price falls, except in the event Central subsequently exercises its right to top up the stock consideration to void the walk away right. The final exchange ratio is more fully described in the section of this document titled "Consideration to be Received by Central Shareholders." The market values of Independent common stock and Central common stock have varied since Independent common stock was first traded in the merger agreement and will continue to vary in the future due to changes in the business, operations or financial performance of the companies, market assessments of the merger, regulatory considerations, market and economic considerations, and the control of Independent and Central.

Central shareholders may receive a form of consideration different from what they elect.

The consideration to be received by Central shareholders in the merger is subject to the requirement that 40% of the consideration be exchanged for Independent common stock and 40% be exchanged for cash. The merger agreement provides procedures to achieve this desired result. If you elect all cash and the available cash is over the amount of the merger consideration in Independent common stock. If you elect all stock and the available cash is over the amount of the merger consideration in cash. The type of consideration you receive may vary from what you elect if that the value of the stock portion of the merger consideration be equal to at least 40% of the total value of the merger consideration.

Table of Contents

Central will be subject to business uncertainties and contractual restrictions while the merger is pending.

Uncertainty about the effect of the merger on employees and customers may have an adverse effect on Independent. These uncertainties may impair Central's ability to attract, retain and motivate key personnel and could cause customers and others that deal with Central to seek to change existing business relationships. Certain employees may be challenging during the pendency of the merger, as certain employees may evaluate their future roles with Independent. If key employees depart because of issues relating to the uncertainty and do not remain with Independent, Independent's business following the merger could be harmed. In addition, Central from making certain acquisitions and taking other specified actions until the merger occurs with Independent. These restrictions may prevent Central from pursuing attractive business opportunities that may arise pending the merger. Please see the section entitled "The Merger Agreement - Conduct of Business Pending the Merger" for a description of the restrictive covenants to which Central is subject.

Independent may fail to realize all of the anticipated benefits of the merger, particularly if the integration of the businesses is more difficult than expected.

The success of the merger will depend, in part, on our ability to successfully combine the businesses of Independent and Central. Independent may fail to realize some or all of the anticipated benefits of the transaction if the integration is more costly than expected. Furthermore, any number of unanticipated adverse occurrences for either Independent or Central may cause us to fail to realize some or all of the expected benefits. The integration process, including the disruption of each company's ongoing businesses or inconsistencies in standards, controls, policies, employees, the disruption of each company's ongoing businesses or inconsistencies in standards, controls, policies, and procedures, may adversely affect our ability to maintain relationships with clients, customers, depositors and employees of the merger. Each of these issues might adversely affect either Independent, Central, or both during the pendency of the merger. As a result, revenues may be lower than expected and the overall benefits of the merger may not be as great as anticipated.

The market price of Independent common stock after the merger may be affected by factors different from those that affect the market price of Central common stock currently.

The business of Independent and Central differ in some respect and, accordingly, the results of operations of Independent and Central may differ. The market price of Independent's shares of common stock after the merger may be affected by factors different from those that affect the independent results of operations of each of Independent or Central. For a discussion of the business of Independent and Central and certain factors to consider in connection with those businesses, see the documents incorporated by reference in this prospectus statement/prospectus and referred to under "Where You Can Find More Information" and "Incorporation of Documents" beginning on page 126 and the information regarding Central set forth under "The Companies - Central Bank of Switzerland".

Some of the directors and executive officers of Central may have interests and arrangements that may affect their ability to support or recommend that you approve the merger.

The interests of some of the directors and executive officers of Central may be different from those of the shareholders of Central. Some of the directors and officers of Central may be participants in arrangements that are different from, or are in addition to, those of the shareholders, including the acceleration of awards under equity plans, agreements in settlement of obligations under pre-existing employment agreements, salary continuation agreements, executive health plan insurance agreements, and agreements under which certain of such directors and officers are entitled to payment of severance services and/or non-competition and non-solicitation covenants. These interests are

Table of Contents

described in more detail in the section of this proxy statement/prospectus entitled "The Merger" Interests of Directors in the Merger" of this proxy statement/prospectus beginning on page 50.

The merger agreement limits Central's ability to pursue alternatives to the merger.

The merger agreement contains provisions that limit Central's ability to solicit, initiate, encourage or third-party proposals to acquire all or substantially all of Central. These provisions, which include a \$2 million under certain circumstances, might discourage a potential competing acquiror that might have an interest of Central from considering or proposing that acquisition even if it were prepared to pay consideration greater than that proposed in the merger, or might result in a potential competing acquiror proposing to pay a price to Central than it might otherwise have proposed to pay.

Regulatory approvals may not be received, may take longer than expected or impose conditions that

Before the merger may be completed, certain approvals or consents must be obtained from the various regulatory agencies in the United States and the Commonwealth of Massachusetts. These governmental entities, including the Federal Deposit Insurance Corporation, the Board of Bank Incorporation of the Commonwealth of Massachusetts, and the Division of Banks, may impose conditions on the completion of the merger or require changes to the terms of the merger. Independent and Central do not currently expect that any such conditions or changes would be imposed. Such conditions will not be, and such conditions or changes could have the effect of delaying completion of the merger, which could be limiting the revenues of Independent following the merger, any of which might have a material adverse effect on the merger. Independent is not obligated to complete the merger if the regulatory approvals received in connection with the merger include any conditions or restrictions that would constitute a "Burdensome Condition" as defined in the merger agreement.

There can be no assurance as to whether the regulatory approvals will be received or the timing of the receipt of such approvals. The section entitled "The Merger" Regulatory Approvals Required to Complete the Merger" of this proxy statement on page 49.

Central shareholders who make elections may be unable to sell their shares in the market pending the completion of the merger.

Central shareholders may elect to receive cash, stock or mixed consideration in the merger by completing an election form under separate cover. Making an election will require that shareholders turn in their Central stock certificates within a certain time between when the election is made and the date the merger is completed. Central shareholders will receive cash or common stock. If the merger is unexpectedly delayed, this period could extend for a significant period of time. Central will shorten the period during which they cannot sell their shares by delivering their election shortly before the merger is completed. Elections received after the election deadline will not be accepted or honored.

If the merger is not consummated by March 31, 2013, either Independent or Central may choose to terminate the merger agreement.

Either Independent or Central may terminate the merger agreement if the merger has not been completed by March 31, 2013, or if the failure of the merger to be completed has resulted from the failure of the party seeking to terminate the merger agreement to fulfill its obligations.

Table of Contents

The shares of Independent common stock to be received by Central shareholders as a result of the merger of the shares of Central common stock.

The rights associated with Central common stock are different from the rights associated with Independent common stock. For a more detailed discussion of this proxy statement/prospectus entitled "Comparison of Rights of Shareholders of Central and Independent" and a more detailed discussion of the different rights associated with Independent common stock.

Risks Related to Independent's Business

Changes in interest rates could adversely impact Independent's financial condition and results of operations.

Independent's ability to make a profit, like that of most financial institutions, substantially depends upon the difference between the interest income earned on interest earning assets, such as loans and investment securities, and the interest paid on interest-bearing liabilities, such as deposits and borrowings. However, certain assets and liabilities are more sensitive to changes in market interest rates. Further, interest rates on some types of assets and liabilities may fluctuate prior to changes in market interest rates, while rates on other types of assets may lag behind. Additionally, some assets such as adjustable rate mortgages, such as rate caps and floors, which restrict changes in their interest rates.

Factors such as inflation, recession, unemployment, money supply, global disorder, instability in domestic and international financial markets and other factors beyond Independent's control, may affect interest rates. Changes in market interest rates may result in voluntary prepayments on loans and the receipt of payments on mortgage-backed securities, resulting in cash flows that may have to be reinvested at a lower rate than the loan or mortgage-backed security being prepaid.

The state of the financial and credit markets, and potential sovereign debt defaults may severely impact the economy and may lead to a significantly tighter environment in terms of liquidity and availability of credit. Economic downturns and recession in the national economy may experience additional recession periods. Market disruption, government and central bank actions, and other factors may counteract the effects of recession, changes in investor expectations regarding compensation for market risk, and changing economic data could continue to have dramatic effects on both the volatility of and the magnitude of interest rate movements of interest rates. Although Independent pursues an asset/liability management strategy designed to minimize the impact of changes in interest rates, changes in market interest rates can have a material adverse effect on Independent's performance.

A further deterioration of the credit rating for U.S. long-term sovereign debt could adversely impact Independent's financial condition and results of operations.

On August 5, 2011, Standard and Poor's downgraded the U.S. long-term sovereign debt from AAA, the highest rating. This downgrade does not directly impact the immediate current financial position or operations of Independent. However, the downgrade could result in a re-evaluation of the risk-free rate used in many accounting models, other financial instruments, securities and/or impairment of goodwill and other intangibles.

If Independent has higher than anticipated loan losses than it has modeled, its earnings could materially decrease.

Independent's loan customers may not repay loans according to their terms, and the collateral securing the loans may be insufficient to assure repayment. Independent may therefore experience significant credit losses which could have a material adverse effect on its operating results and capital ratios. Independent makes various assumptions and judgments about the creditworthiness of its portfolio, including the creditworthiness of borrowers and the value of the real estate and other assets used as collateral.

Table of Contents

repayment of loans. In determining the amount of the allowance for loan losses, Independent relies on economic conditions. If its assumptions prove to be incorrect, its current allowance for loan losses may be insufficient to cover losses inherent in its loan portfolio and an adjustment may be necessary to allow for different economic conditions in the future. Consequently, a problem with one or more loans could require Independent to significantly increase its provision for loan losses. In addition, federal and state regulators periodically review Independent's allowance for loan losses and may require Independent to increase its provision for loan losses or recognize further loan charge-offs. Material additions to the allowance for loan losses would reduce Independent's net income.

A significant amount of Independent's loans are concentrated in Rockland Trust's geographic footprint and a downturn in the area could negatively impact its operations.

Substantially all of the loans Independent originates are secured by properties located in, or are made to, borrowers in Massachusetts, and to a lesser extent Rhode Island. Because of the current concentration of Independent's loans in its geographic footprint, in the event of continued adverse economic conditions, including, but not limited to, continued downward pressure on the value of residential and commercial real estate, political or business conditions, or the ability of property owners and businesses to make payments of principal and interest on the underlying loans, Independent's geographic footprint. Independent would likely experience higher rates of loss and delinquency on its loans than if its loans were more diversified, which could have an adverse effect on its results of operations or financial condition.

Independent operates in a highly regulated environment and may be adversely impacted by changes in regulatory policies.

Independent is subject to extensive regulation, supervision and examination. Any change in the laws or regulations that apply to Independent to comply with applicable law and regulation, or a change in regulators' supervisory policies, whether by the Massachusetts Commissioner of Banks, the FDIC, the Federal Reserve Board, other state regulators, the United States Congress, or the Massachusetts legislature could have a material adverse effect on Independent's results of operations, and cash flows. Changes in accounting policies, practices and standards, as may be adopted by the Public Company Accounting Oversight Board, the Financial Accounting Standards Board, and other regulatory bodies could also negatively impact Independent's financial results.

The Dodd-Frank Act will have a significant impact on the regulatory structure of the financial markets and on Independent.

The Dodd-Frank Act, among other things, establishes a new Financial Stability Oversight Council to monitor and assess risks to the financial institutions, restricts proprietary trading and private fund investment activities by banking institutions, and provides for the regulation of derivatives and revises the FDIC's assessment base for deposit insurance. Provisions in the Act may restrict the flexibility of financial institutions to compensate their employees. In addition, provisions in the Act may change to existing capital rules or affect their interpretations by institutions or regulators, which could have a material adverse effect on Independent's business operations, capital structure, capital ratios or financial performance. The final impact of the Dodd-Frank Act on Independent's business will depend largely on the implementation of the Dodd-Frank Act by regulatory bodies and by these regulatory bodies.

Independent has strong competition within its market area which may limit Independent's growth.

Independent faces significant competition both in attracting deposits and in the origination of loans. Other financial institutions, savings banks, savings and loan associations operating in Independent's primary market area have historically competed with Independent for deposits. Competition for the

Table of Contents

origination of real estate and other loans come from other commercial banks, thrift institutions, credit companies, other institutional lenders and mortgage companies.

The success of Independent is dependent on hiring and retaining certain key personnel.

Independent's performance is largely dependent on the talents and efforts of highly skilled individuals to manage and operate its business, including major revenue generating functions such as loan and deposit revenues. In addition, loss of key personnel could result in increased recruiting and hiring expenses, which may adversely affect Independent's ability to maintain and manage these functions effectively, which could reduce revenues. In addition, loss of key personnel could result in increased recruiting and hiring expenses, which may adversely affect Independent's net income. Independent's continued ability to compete effectively depends on its ability to retain and motivate its existing employees.

Independent's business strategy of growth in part through acquisitions could have an impact on its stock that may negatively impact the value of Independent's stock.

In recent years, Independent has focused, in part, on growth through acquisitions. From time to time Independent engages in preliminary discussions with potential acquisition targets. The consummation of such acquisitions could impact Independent's stockholder value. Although Independent's business strategy emphasizes organic expansion combined with acquisitions, there is no assurance that, in the future, Independent will successfully identify suitable acquisition candidates, complete acquisitions, or integrate acquired operations into our existing operations or expand into new markets. There can be no assurance that such acquisitions will not have an adverse effect upon Independent's operating results while the operations of the acquired business are being integrated into Independent's operations. In addition, once integrated, acquired operations may not achieve levels of performance achieved by Independent's existing operations, or otherwise perform as expected. Further, transaction costs associated with acquisitions could reduce Independent's earnings. These adverse effects on Independent's earnings and results of operations may negatively impact Independent's stock.

Difficult market conditions have adversely affected the industry in which Independent operates.

Dramatic declines in the housing market over the past several years, with falling real estate values and high unemployment, and under-employment have negatively impacted the credit performance of mortgage originators and lenders, and write-downs of asset values by financial institutions, including government-sponsored entities as well as banks. These write-downs, initially of mortgage-backed securities but spreading to credit default swap securities, in turn, have caused many financial institutions to seek additional capital, to merge with larger institutions, or in some cases to fail. Reflecting concern about the stability of the financial markets generally and the strength of the economy, and institutional investors have reduced or ceased providing funding to borrowers, including to other financial institutions. Turmoil and tightening of credit have led to an increased level of commercial and consumer delinquency, and increased market volatility and widespread reduction of business activity generally. The resulting economic downturn and loss of confidence in the financial markets could materially affect Independent's business, financial condition, and results of operations. Worsening of these conditions would likely exacerbate the adverse effects of these difficult market conditions on the financial services industry. In particular, Independent may face the following risks in connection with

Independent may expect to face increased regulation of its industry. Compliance with such regulations could limit its ability to pursue business opportunities.

Market developments may affect customer confidence levels and may cause increases in loan loss and default rates, which Independent expects could impact its loan charge-offs and provision for

Table of Contents

Deterioration or defaults made by issuers of the underlying collateral of Independent's investment securities could result in credit related other-than-temporary impairment charges to Independent's income statement.

Independent's ability to borrow from other financial institutions or to access the debt or equity capital markets or at all could be adversely affected by further disruptions in the capital markets or other events, such as government agencies and deteriorating investor expectations.

Competition in the industry could intensify as a result of the increasing consolidation of financial institutions in connection with current market conditions.

Independent may be required to pay significantly higher FDIC premiums because market conditions could significantly deplete the insurance fund of the FDIC and reduce the ratio of reserves to insured deposits.

It may become necessary or advisable for Independent, due to changes in regulatory requirements, market conditions, or for other reasons, to hold more capital or to alter the forms of capital it currently holds.

Independent's securities portfolio performance in difficult market conditions could have adverse effects on its operations.

Under U.S. Generally Accepted Accounting Principles, Independent is required to review Independent's securities portfolio for the presence of other-than-temporary impairment of its securities, taking into consideration current market conditions, nature of changes in fair value, issuer rating changes and trends, volatility of earnings, current analyst recommendations, intent to hold investments until a recovery of fair value, as well as other factors. Adverse developments, such as the foregoing factors may require Independent to deem particular securities to be other-than-temporarily impaired and a portion of the reduction in the value recognized as a charge to Independent's earnings. Recent market conditions have made it difficult to value certain of Independent's securities. Subsequent valuations, in light of factors prevailing in the market, could result in significant changes in the values of these securities in future periods. Any of these factors could require Independent to record impairments in the value of Independent's securities portfolio, which may have an adverse effect on Independent's earnings in future periods.

Impairment of goodwill and/or intangible assets could require charges to earnings, which could result in adverse effects on the results of operations.

Goodwill arises when a business is purchased for an amount greater than the net fair value of its assets. Independent has recorded goodwill as an asset on the balance sheet in connection with several recent acquisitions. When an intangible asset has an indefinite useful life, it is not amortized, and instead is evaluated for impairment. Goodwill is subject to impairment testing frequently if necessary, and is evaluated using a two step impairment approach. A significant and sustained decline in stock price and market capitalization, a significant decline in Independent's expected future cash flows, a significant decline in business climate, slower growth rates or other factors could result in impairment of goodwill or other intangible assets. If Independent concludes that a future write-down of the goodwill or intangible assets is necessary, then Independent would be required to record a charge to earnings, which could be materially adverse to the results of operations and financial position.

Deterioration in the Federal Home Loan Bank (FHLB) of Boston's capital might restrict the FHLB's ability to meet the funding needs of its members, cause a suspension of its dividend, and cause its stock to be determined to be worthless.

Significant components of Rockland Trust's liquidity needs are met through its access to funding provided by the FHLB of Boston. The FHLB is a cooperative that provides services to its member banking institutions. The primary source of funding is obtained from the FHLB of Boston.

Table of Contents

The purchase of stock in the FHLB is a requirement for a member to gain access to funding. Any determination may affect Independent's access to funding and/or require Independent to deem the required investment

Reductions in the value of Independent's deferred tax assets could affect earnings adversely.

A deferred tax asset is created by the tax effect of the differences between an asset's book value and its tax value. Independent periodically assesses its deferred tax assets periodically to determine the likelihood of Independent's ability to realize their benefits based on the performance of the associated business and its ability to generate future taxable income. If the information available at the time of assessment indicates there is a greater than 50% chance that Independent will not realize the deferred tax asset, Independent is required to establish a valuation allowance for it and reduce its future tax assets to the amount Independent expects to realize on its future tax returns. Recording such a valuation allowance could have a material adverse effect on the results of operations. Additionally the deferred tax asset is measured using enacted tax rates expected to apply to tax returns when the temporary differences are expected to be recovered or settled. Accordingly a change in enacted tax rates could result in a decrease/increase to Independent's deferred tax asset.

Independent will need to keep pace with evolving information technology and guard against and reduce the risk of cyber and electronic fraud.

The potential need to adapt to changes in information technology could adversely impact Independent's operations and capital spending. The risk of electronic fraudulent activity within the financial services industry, especially in the banking sector due to cyber criminals targeting bank accounts and other customer information, could adversely impact Independent's reputation and require increased capital spending.

Independent's business depends on maintaining the trust and confidence of customers and other market participants. A good reputation is critical to its business.

Independent's ability to originate and maintain accounts is highly dependent upon the perceptions of customers and deposit holders and other external perceptions of Independent's business practices or financial health. Independent is vulnerable to many threats that can be difficult or impossible to control, and costly or impossible to remediate. Employee misconduct and rumors, among other things, can substantially damage Independent's reputation. If Independent's reputation is not satisfactorily addressed, adverse perceptions regarding Independent's reputation in the consumer, commercial and institutional sectors could lead to difficulties in generating and maintaining accounts as well as in financing them and to decreased business from consumer and commercial customers and potential customers choose to maintain with Independent, and could have an adverse effect on Independent's business and financial results.

If Independent's risk management framework does not effectively identify or mitigate Independent's risks, Independent could suffer unexpected losses and could be materially adversely affected.

Independent's risk management framework seeks to mitigate risk and appropriately balance risk and return. Independent has processes and procedures intended to identify, measure, monitor and report the types of risk to which Independent is exposed, including operations risk, compliance risk, reputation risk, strategic risk, market risk and liquidity risk. Independent manages risk exposure through a framework of policies, procedures and reporting requirements. Management of risk depends upon the use of analytical and/or forecasting models. If the models used to mitigate these risks are not accurate, Independent could incur losses. In addition, there may be risks that exist, or that develop in the future, that Independent has not identified or mitigated. If Independent's risk management framework does not effectively identify or mitigate risks, Independent could suffer unexpected losses and could be materially adversely affected.

Table of Contents

FORWARD-LOOKING STATEMENTS

This document contains or incorporates by reference a number of forward-looking statements regarding operations, earnings outlook, and business prospects of Independent, Central and the potential combined companies for the period following the completion of the merger. You can find many of these statements in the sections of this document that use words such as "expects," "anticipates," "believes," "intends," "estimates," "strategy," "plan," "potential," and "may."

The forward-looking statements involve certain assumptions, risks and uncertainties. In particular, the combined company cannot guarantee that Central will be able to predict results or actual effects of its plans and strategies, or those of the combined company. Accordingly, actual results may differ materially from those expressed in, or implied by, the forward-looking statements. We caution you not to place undue reliance on these statements, which speak only as of the date of this document. Some of the factors that may cause actual results or earnings to differ from those contemplated by the forward-looking statements include, but are not limited to, those discussed elsewhere in this prospectus under "Risk Factors" and those discussed in the filings of each of Independent and Central, as well as the following:

those risks and uncertainties Independent and Central discuss or identify in their public filings;

the risk that the businesses of Independent and Central will not be integrated successfully or that the integration will be more difficult, time-consuming or costly than expected;

revenues following the merger may be lower than expected;

competitive pressure among financial services companies may increase significantly;

general economic or business conditions, either nationally, regionally, or in the markets in which the companies do business, may be less favorable than expected;

changes in the interest rate environment may reduce interest margins and impact funding sources;

changes in both companies' businesses during the period between now and the completion of the merger may have adverse impacts on the combined company;

changes in market rates and prices may adversely impact the value of financial products and services;

deterioration in the credit markets may adversely impact either company or its business;

legislation or regulatory environments, requirements, or changes, including changes in accounting standards, in the businesses in which either company is engaged;

litigation liabilities, including costs, expenses, settlements and judgments, may adversely affect the combined company.

deposit attrition, operating costs, customer loss and business disruption following the merger; and maintaining relationships with employees, may be greater than expected; and

the ability to obtain timely governmental approvals of the merger without the imposition of conditions that may affect the potential combined company.

These forward-looking statements are subject to assumptions, risks and uncertainties, and actual results may differ from those expressed or implied by these forward-looking statements.

All subsequent written and oral forward-looking statements concerning the merger or other matters attributable to Independent or Central or any person acting on their behalf are expressly qualified in the forward-looking statements contained or referred to in this section. Except to the extent required by applicable law or regulation, we undertake no obligation to update these forward-looking statements to reflect events or circumstances that may occur or reflect the occurrence of unanticipated events.

Table of Contents**SUMMARY HISTORICAL AND UNAUDITED PRO FORMA FINANCIAL****Comparative Per Share Market Price Information**

Independent common stock trades on the NASDAQ Global Select Market under the symbol INDB and Central common stock trades on the NASDAQ Global Market under the symbol CEBK. The following presents the closing sale prices of Independent common stock on April 30, 2012, the last trading day before we announced the merger agreement, and the closing sale price of Central common stock on the most recent practicable trading day prior to mailing this document. The table also represents the equivalent value of Independent common stock on those dates, calculated by multiplying the closing price of Central common stock on those dates by an exchange ratio calculated in accordance with the merger agreement based on the volume of shares of Independent common stock for the respective twenty trading day period ending immediately before such date and the volume of shares of Independent common stock that Central's shareholders would receive in the merger for each share of Independent common stock at such exchange ratio.

Date	Independent Closing Price	Central Closing Price	Exchange Ratio
April 30, 2012	\$ 28.07	\$ 18.05	1.55
July 30, 2012	\$ 29.88	\$ 31.93	1.07

The above table shows only historical comparisons. These comparisons may not provide meaningful information in determining whether to approve the merger agreement. Central shareholders are urged to obtain current market quotations for Independent common stock and Central common stock and to review carefully the other information contained in this proxy statement and the prospectus, including the information regarding the merger agreement, and to give such information due reference into this proxy statement/prospectus in considering whether to approve the merger agreement. For more information, see "Where to Find More Information" beginning on page 126 of this proxy statement/prospectus.

Comparative Stock Prices and Dividends

The following table sets forth, for the periods indicated, the high and low sale prices per share of Independent common stock on the NASDAQ Global Select Market and the high and low sale prices per share of Central common stock on the NASDAQ Global Market. The table also provides information as to dividends paid per share of Independent common stock. As of July 23, 2012, there were 21,639,373 shares of Independent common stock issued and outstanding and 2,595 shareholders of record and 1,690,951 shares of Central common stock issued and outstanding and 1,690,951 shareholders of record.

	Independent Sales Prices		Dividend per Share
	High	Low	
2010			
Quarter Ended March 31,	\$ 26.76	\$ 21.00	\$ 0.18
Quarter Ended June 30,	28.09	23.21	0.18
Quarter Ended September 30,	25.55	20.91	0.18
Quarter Ended December 31,	28.09	22.35	0.18
2011			
Quarter Ended March 31,	\$ 28.83	\$ 25.48	\$ 0.19
Quarter Ended June 30,	29.98	25.95	0.19
Quarter Ended September 30,	27.91	20.86	0.19
Quarter Ended December 31,	27.95	20.42	0.19
2012			
Quarter Ended March 31,	\$ 29.27	\$ 26.46	\$ 0.21
Quarter Ended June 30,	29.35	26.07	0.21

Table of Contents

The annualized dividend payout ratio on a share of Independent common stock as of June 30, 2012 is \$0.40 per share, subject to approval and declaration by the Independent board of directors, Independent anticipated quarterly cash dividends on shares of its common stock consistent with past practices.

Central expects to continue to declare quarterly cash dividends on Central common stock until the merger is completed, subject to the conditions of the merger agreement. Holders of Central common stock will stop receiving cash dividends on Central common stock upon completion of the merger, when the separate corporate existence of Central will cease.

Historical and Pro Forma Per Share Data

We have summarized below historical earnings, dividend and book value per share information for Independent and Central for the periods presented, and similar information as if the companies had been combined for the periods shown, which we refer to as pro forma combined and pro forma equivalent per share information. Pro forma combined and pro forma equivalent per share information gives effect to the merger as if the transaction had been completed as of the year or quarter end dates presented, in the case of book value data, and as if the transaction had been completed as of the period presented, in the case of the earnings and dividend data.

The pro forma combined and pro forma equivalent per share information below is based on the historical financial information of Independent and Central. Pro forma information is based upon Independent's closing price of \$28.75 per share as of December 31, 2011, respectively. Pro forma equivalent per share amounts for Central are based on market value per share amounts by the base exchange ratio of 1.1165.

We expect that both Independent and Central will incur merger and integration costs as a result of the merger. The information below, while helpful in illustrating the financial characteristics of the combined company under one set of circumstances, does not predict or suggest future results. It also does not necessarily reflect what the historical results of the companies had our companies been combined during the periods presented.

Table of Contents

The information in the following table is based on, and you should read it together with, the historical thereto for Independent and Central contained in this proxy statement/prospectus.

	For the Year Ended December 31, 2011
Book value per share:	
Independent Bank historical	\$ 21.82
Central Bancorp historical	20.72
Pro forma combined	22.10
Central Bancorp pro forma equivalent	24.67
Tangible book value per share:	
Independent Bank historical	\$ 15.27
Central Bancorp historical	19.40
Pro forma combined	14.55
Central Bancorp pro forma equivalent	16.25
Cash dividends declared per share:	
Independent Bank historical	\$ 0.76
Central Bancorp historical	0.20
Pro forma combined	0.76
Central Bancorp pro forma equivalent	0.84
Basic net income per share:	
Independent Bank historical	\$ 2.12
Central Bancorp historical	0.10
Pro forma combined	2.02
Central Bancorp pro forma equivalent	2.26
Diluted net income per share:	
Independent Bank historical	\$ 2.12
Central Bancorp historical	0.09
Pro forma combined	2.01
Central Bancorp pro forma equivalent	2.24

Table of Contents**Independent Selected Historical Financial and Operating Data**

The following table provides summary historical consolidated financial data for Independent as of the end of and for the three months ended March 31, 2012, as of the end of and for the three months ended March 31, 2011, and for the three months ended March 31, 2010, and for the three months ended March 31, 2009, and for the three months ended March 31, 2008. The historical consolidated financial data as of the end of and for each of the fiscal years in the five-year period ended December 31, 2011, as of the end of and for the three months ended March 31, 2012, and for the three months ended March 31, 2011, have been derived in part from Independent's audited financial statements and related notes incorporated by reference into this document. The historical consolidated financial data as of the end of and for the three months ended March 31, 2010, and for the three months ended March 31, 2009, are from Independent's unaudited financial statements and related notes incorporated by reference into this document. This information is only a summary and you should read it in conjunction with Independent's financial statements and related notes incorporated by reference into this document.

	At or for the Three Months Ended March 31,			At or for the Year Ended	
	2012	2011	2011	2010	2009
	<i>(Dollars in Thousands, Except Per Share Data)</i>				
FINANCIAL CONDITION DATA:					
Securities available for sale	\$ 362,109	\$ 341,362	\$ 305,332	\$ 377,457	\$ 508,332
Securities held to maturity	200,921	239,305	204,956	202,732	93,332
Loans	3,869,756	3,628,374	3,794,390	3,555,679	3,395,332
Allowance for loan losses	48,340	46,444	48,260	46,255	42,332
Goodwill and core deposit intangibles	140,323	141,951	140,722	141,956	143,332
Total assets	4,985,739	4,645,783	4,970,240	4,695,738	4,482,332
Total deposits	3,945,713	3,584,926	3,876,829	3,627,783	3,375,332
Total borrowings	484,115	556,718	537,686	565,434	647,332
Stockholders' equity	478,863	447,985	469,057	436,472	412,332
Nonperforming loans	31,646	23,397	28,953	23,108	36,332
Nonperforming assets	40,736	33,856	37,149	31,493	41,332
Shares outstanding	21,608,285	21,407,211	21,499,768	21,220,801	20,935,332
OPERATING DATA:					
Interest income	\$ 47,796	\$ 48,958	\$ 195,751	\$ 202,724	\$ 202,332
Interest expense	5,943	7,485	28,672	38,763	51,332
Net interest income	41,853	41,473	167,079	163,961	150,332
Provision for loan losses	1,600	2,200	11,482	18,655	17,332
Noninterest income	13,909	12,598	52,700	46,906	38,332
Noninterest expenses	37,358	36,482	145,713	139,745	141,332
Net income	12,183	11,188	45,436	40,240	22,332
Preferred stock dividend					5,332
Net income available to the common shareholder	12,183	11,188	45,436	40,240	17,332
PER SHARE DATA:					
Net income-basic	\$ 0.57	\$ 0.53	\$ 2.12	\$ 1.90	\$ 0.99
Net income-diluted	0.56	0.52	2.12	1.90	0.99
Cash dividends declared	0.21	0.19	0.76	0.72	0.72
Book value	22.16	20.93	21.82	20.57	19.33
OPERATING RATIOS:					
Return on average assets	1.00%	0.98%	0.96%	0.88%	0.88%
Return on average common equity	10.31%	10.24%	9.93%	9.46%	4.46%
Net interest margin (on a fully tax equivalent basis)	3.82%	4.02%	3.90%	3.95%	3.95%
Equity to assets	9.60%	9.64%	9.44%	9.30%	9.30%
Dividend payout ratio	37.26%	36.33%	35.88%	37.93%	82.33%
ASSET QUALITY RATIOS:					

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Nonperforming loans as a percent of gross loans	0.82%	0.64%	0.76%	0.65%	1
Nonperforming assets as a percent of total assets	0.82%	0.73%	0.75%	0.67%	0
Allowance for loan losses as a percent of total loans	1.25%	1.28%	1.27%	1.30%	1
Allowance for loan losses as a percent of nonperforming loans	152.75%	198.50%	166.68%	200.17%	117
CAPITAL RATIOS:					
Tier 1 leverage capital ratio	8.77%	8.48%	8.61%	8.19%	7
Tier 1 risk-based capital ratio	10.71%	10.48%	10.74%	10.28%	9
Total risk-based capital ratio	12.73%	12.55%	12.78%	12.37%	11

Table of Contents**Central Selected Historical Consolidated Financial Data**

The following table provides summary historical consolidated financial data for Central as of the end of the five-year period ended March 31, 2012. The historical consolidated financial data as of the end of the five-year period ended March 31, 2012 have been derived in part from Central's audited financial statements beginning on page F-1 of this document. The following information is only a summary and you should refer to the financial statements and related notes that appear beginning on page F-1 of this document.

	2012	At or for the Year Ended	
		2011	2010
		<i>(Dollars in Thousands, Except Per Share Data)</i>	
FINANCIAL CONDITION DATA:			
Securities available for sale	\$ 39,060	\$ 25,185	\$ 34,368
Loans	448,886	394,217	461,510
Allowance for loan losses	4,272	3,892	3,038
Goodwill	2,232	2,232	2,232
Total assets	523,572	487,625	542,444
Total deposits	344,534	309,077	339,169
Total borrowings	128,569	128,692	154,810
Stockholders' equity	45,346	47,121	45,113
Nonperforming loans	9,048	9,581	6,246
Nonperforming assets	9,181	9,713	6,306
Shares outstanding	1,690,951	1,681,071	1,667,151
OPERATING DATA:			
Interest income	\$ 22,720	\$ 25,305	\$ 28,357
Interest expense	6,617	7,923	11,524
Net interest income	16,103	17,382	17,013
Provision for loan losses	1,400	1,100	600
Net gain (loss) from sales and write-downs of Investment securities	541	136	(465)
Gain on sale of loans	143	251	329
Other noninterest income	1,642	1,671	1,547
Noninterest expenses	16,087	15,669	15,146
Net income (loss)	851	1,725	1,993
Net income available to common shareholders	(15)	1,105	1,380
PER SHARE DATA:			
Net income (loss)-basic	\$ (0.01)	\$ 0.74	\$ 0.95
Net income (loss)-diluted	(0.01)	0.68	0.92
Cash dividends declared	0.20	0.20	0.20
Book value	20.92	22.26	21.31
Tangible book value per common share	19.60	20.93	19.97
OPERATING RATIOS:			
Return on average assets	0.17%	0.33%	0.36%
Return on average stockholder's equity	1.84%	3.74%	4.66%
Net interest margin (on a fully tax equivalent basis)	3.34%	3.50%	3.21%
Equity to assets	8.66%	9.66%	8.32%
Dividend payout ratio	n/a	29.41%	21.74%
ASSET QUALITY RATIOS:			
Nonperforming loans as a percent of gross loans	2.02%	2.43%	1.35%
Nonperforming assets as a percent of total assets	1.75%	1.99%	1.16%
Allowance for loan losses as a percent of total loans	0.95%	0.99%	0.66%
Allowance for loan losses as a percent of nonperforming loans	47.21%	40.62%	48.64%
CAPITAL RATIOS:			
Tier 1 leverage capital ratio	9.83%	10.66%	9.22%
Tier 1 risk-based capital ratio	15.09%	17.22%	14.24%
Total risk-based capital ratio	16.39%	18.53%	15.12%
N/a means either not applicable or not meaningful.			

Table of Contents

THE SPECIAL MEETING OF CENTRAL SHAREHOLDERS

Date, Time and Place of the Special Meeting

The special meeting of shareholders of Central will be held at Holiday Inn - Somerville, located at 30 Massachusetts 02143 on Tuesday, September 11, 2012 at 11:00 a.m., Eastern Daylight Time.

Purpose of the Special Meeting

At the special meeting, holders of Central common stock will be asked to:

1. approve the merger agreement and the transactions contemplated by the merger agreement, (the "merger agreement proposal");
2. approve one or more adjournments of the special meeting, if necessary or appropriate, including the solicitation of proxies in favor of the Central merger agreement proposal (the "Central adjournment proposal");
3. vote on a non-binding advisory resolution approving certain compensation payable to the non-executive officers of Central in connection with the merger; and
4. transact any other business which may properly come before the special meeting or any adjournment thereof.

Recommendation of Central's Board of Directors

The Central board of directors has determined that the merger agreement is advisable and in the best interests of Central and unanimously recommends that shareholders vote FOR approval of the Central merger agreement proposal, the Central adjournment proposal and FOR the non-binding advisory resolution approving certain compensation payable to the non-executive officers of Central in connection with the merger.

Record Date; Shares Entitled to Vote

Only holders of record of Central common stock at the close of business on the record date of July 23, 2012, are entitled to vote at the Central special meeting. As of the record date, there were 1,690,951 shares of Central common stock outstanding, held by approximately 194 holders of record. Each holder of Central common stock is entitled to one vote for each share of stock he, she or it owned as of the record date.

A list of Central's shareholders as of the record date will be available for review by any Central shareholder at the special meeting, the shareholder's agent or attorney at Central's principal executive offices during regular business hours, beginning on the business day after notice of the Central special meeting is given and continuing through the meeting.

Quorum; Vote Required

A quorum of Central shareholders is necessary to hold a valid meeting. If the holders of at least a majority of the outstanding shares of Central common stock entitled to vote are represented in person or by proxy at the meeting, a quorum will exist. Central will include proxies marked as abstentions in determining the number of shares present at the meeting.

The affirmative vote of the holders of at least two-thirds of the outstanding shares of Central common stock is required to approve the Central merger agreement proposal. If you do not vote, either in person or by proxy, you will be deemed to have voted in effect as voting against approval of the Central merger agreement proposal.

Table of Contents

A majority of the votes cast is required to approve each of the Central adjournment proposal and the certain compensation of Central's named executive officers in connection with the merger.

Security Ownership of Certain Beneficial Owners and Management

Persons and groups beneficially owning in excess of five percent (5%) of the Central's common stock regarding such ownership pursuant to the Securities Exchange Act of 1934 (the Exchange Act). The information as to those persons who Central believes were the beneficial owners of more than 5% of the Common Stock as of July 23, 2012.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership
Central Co-operative Bank Employee Stock Ownership Plan Trust	
399 Highland Avenue	
Somerville, Massachusetts 02144	365,9
John D. Doherty	
399 Highland Avenue	
Somerville, Massachusetts 02144	308,7
PRB Investors, L.P.	
PRB Advisors, L.L.C.	
Stephen J. Paluszek	
Andrew P. Bergman	
245 Park Avenue, 24th Floor	
New York, New York 10167	111,9

- (1) In accordance with Rule 13d-3 under the Exchange Act, a person is deemed to be the beneficial owner of any shares of Central's common stock as to which he has sole or shared voting or investment power or ownership of at any time within 60 days of July 23, 2012. As used herein, "voting power" is the power to vote shares and "investment power" is the power to dispose or direct the disposition of shares. Unless otherwise indicated, the beneficial owner does not have direct ownership and sole voting and dispositive power.
- (2) For purposes of calculating percentage ownership, the number of shares of Central's common stock is 1,600,000, which the beneficial owner has the right to acquire within 60 days of July 23, 2012. Based on 1,600,000 shares as of July 23, 2012.
- (3) Of the shares beneficially owned by the Central Co-operative Bank Employee Stock Ownership Plan as of July 23, 2012, 224,192 shares have been allocated to participating employees over which shares the trustee has voting power and 141,730 shares have not been allocated, as to which shares the ESOP Trustees generally would have voting directions received from voting ESOP participants. The ESOP Trustees disclaim any beneficial ownership of shares held by the ESOP.
- (4) Includes 24,897 shares of Central's common stock allocated to the account of John D. Doherty in connection with restricted stock awarded under the Central Bancorp, Inc. 2006 Long-Term Incentive Plan and 11

granted under the Central Bancorp, Inc. 1999 Stock Option and Incentive Plan which Mr. Doherty exercised on July 23, 2012.

- (5) Based on the Schedule 13G/A filed with the Securities and Exchange Commission on February 1, 2012, PRB Advisors, L.L.C., the sole general partner of PRB Investors, L.P., each of which may be deemed to beneficially own 111,903 shares of Central's common stock. In addition, Stephen J. Paluszek and Andrew P. Bergman, both of PRB Advisors, L.L.C., may be deemed to beneficially own 111,903 shares. PRB Investors, L.P., PRB Advisors, L.L.C., Paluszek and Bergman share voting power and dispositive power with respect to the reported shares.

Table of Contents

The following table sets forth, as of July 23, 2012, the beneficial ownership of Central's common stock owned by named executive officers, and by all directors and executive officers as a group.

Name	Number of Shares
John D. Doherty	308,739(2)
Robert J. Hardiman	11,000
Raymond Mannos	2,500
Albert J. Mercuri, Jr.	3,990(3)
John J. Morrissey	2,777(3)
William P. Morrissey	66,571(4)
Gerald T. Mulligan	12,000(5)
Edward F. Sweeney, Jr.	301
Paul S. Feeley	17,259(6)
All directors and executive officers as a group (14 persons)	464,327(7)

- (1) In calculating percentage ownership for a given individual or group of individuals, the number of shares of Central's common stock outstanding includes unissued shares subject to options exercisable within 60 days of July 23, 2012, for the individual or group. Based on 1,690,951 shares outstanding as of July 23, 2012.
 - (2) Includes 24,897 shares of Central's common stock allocated to his account in the ESOP, 10,049 shares of Central's common stock and 11,561 shares which he has the right to acquire pursuant to options exercisable within 60 days of July 23, 2012.
 - (3) Includes shares credited to their accounts in the Deferred Compensation Plan for Non-Employee Directors: Mr. Mercuri, 3,784 shares and Director John J. Morrissey, 2,648 shares.
 - (4) Includes 15,180 shares allocated to Mr. Morrissey's account in the ESOP and 12,520 shares which he has the right to acquire pursuant to options exercisable within 60 days of July 23, 2012.
 - (5) Includes 1,300 shares held by Mr. Mulligan's spouse.
 - (6) Includes 8,464 shares allocated to Mr. Feeley's ESOP account, 1,800 shares of unvested restricted shares of Central's common stock which he has the right to acquire pursuant to options exercisable within 60 days of July 23, 2012.
 - (7) Includes the 12,375 shares of Central's common stock which may be acquired by executive officers pursuant to stock options exercisable within 60 days of July 23, 2012, 4,080 shares of unvested restricted shares of Central's common stock owned by executive officers who are not named executive officers and 16,378 shares allocated to the ESOP for executive officers who are not named executive officers.
- * Represents less than 1% of the Central's outstanding common stock.

Central Voting Agreements

Under voting agreements with Independent, Central's directors have agreed to vote all of their shares in support of the Central merger agreement proposal and have granted to Independent a proxy to vote their shares in support of the proposal to do so. As of the record date for the Central special meeting, the Central shareholders who are parties to the voting agreements collectively had sole or shared voting power over 383,797 shares, or approximately 22.7%, of the Central's common stock entitled to vote at the special meeting. For more information about the Central voting agreements, see

Table of Contents

Voting of Proxies

Central's board of directors requests that you submit the proxy card accompanying this document for your shares. Please complete, date and sign the proxy card and promptly return it in the enclosed pre-paid envelope. You may vote your shares through the Internet or by telephone by following the instructions included on the enclosed proxy card. If you vote through the Internet or by telephone, please do not return the proxy card. Please see the proxy card for more information on how to vote for voting through the Internet or by telephone.

All properly signed proxies received prior to the Central special meeting and not revoked before the vote are valid and will be voted at the special meeting according to the instructions indicated on the proxies or, if no instructions are given, FOR approval of the Central merger agreement proposal and FOR the Central adjournment proposal. If you have signed proxies, FOR the non-binding advisory resolution approving certain compensation payable to the named executive officers in connection with the merger, and in the proxies' discretion with respect to any other matters as may be presented at the meeting or any adjournment or postponement thereof.

We do not expect that any matters other than those set forth in the notice for the Central special meeting will be presented. If other matters are properly presented and are within the purpose of the Central special meeting, how we will vote on those matters in such manner as shall be determined by a majority of Central's board of directors.

If you hold your shares of Central common stock in street name, meaning in the name of a bank, broker, or other nominee holder, you must either direct the record holder of your shares of Central common stock how to vote your shares or direct the record holder to vote your shares in person at the special meeting.

If you have questions or need assistance in completing or submitting your proxy card, please contact Peter J. O'Connell at 478-5038.

How to Revoke Your Proxy

You may revoke your proxy at any time by taking any of the following actions before your proxy is voted:

delivering a written notice bearing a date later than the date of your proxy card to the clerk/secretary of Central to revoke your proxy;

signing and delivering to the clerk/secretary of Central a new proxy card relating to the same meeting;

properly casting a new vote through the Internet or by telephone at any time before the close of voting through the Internet and the telephone voting facilities; or

attending the Central special meeting and voting in person, but you also must file a written notice of revocation at the special meeting prior to the voting.

You should send any notice of revocation or your completed new proxy card, as the case may be, to Central at the address below.

Central Bancorp, Inc.

399 Highland Avenue

Somerville, Massachusetts 02144

Attention: Rhoda K. Astone, Secretary and Clerk

Table of Contents

If you have instructed a bank, broker or other nominee to vote your shares, you must follow the directions of the bank, broker or other nominee to change your vote.

Voting in Person

If you plan to attend the Central special meeting and wish to vote in person, you will be given a ballot. If your shares are held of record by a broker, bank or other nominee and you wish to vote at the Central special meeting, you will need to provide additional documentation from the broker, bank or other nominee in order to vote your shares. Whether you attend the Central special meeting, Central requests that you complete, sign, date and return the enclosed proxy card as soon as possible in a postage-paid envelope, or submit a proxy through the Internet or by telephone as described on the enclosed proxy card. This request will not prevent you from voting in person at the Central special meeting but will assure that your vote is counted.

Participants in the Central Co-operative Bank Employee Stock Ownership Plan

If you are a participant in the Central Co-operative Bank Employee Stock Ownership Plan (the "ESOP"), you will receive a voting instruction form that reflects all shares you may vote under the ESOP. Under the terms of the ESOP, all shares held by the ESOP are held by the ESOP trustees, but each participant in the ESOP may direct the trustees on how to vote the shares of Central common stock in their account. Unallocated shares and allocated shares for which no timely voting instructions are received will be voted in the same proportion as the shares for which the trustees have received timely voting instructions, provided that you have given directions as to allocated stock, the Board of Directors of the Bank will direct the ESOP trustees as to how to vote the shares of Central common stock in the ESOP. The deadline for returning your voting instruction form to the ESOP trustees is 5:00 p.m., Eastern Standard Time, on October 12, 2012.

Abstentions and Broker Non-Votes

Only shares affirmatively voted for approval of the Central merger agreement proposal, including shares for which proxies that do not contain voting instructions, will be counted as votes FOR the merger agreement proposal contemplated thereby.

Brokers who hold shares of Central common stock in street name for a customer who is the beneficial owner of the shares will exercise voting authority on the customer's shares with respect to the actions proposed in this document on behalf of the customer. Proxies submitted by a broker that do not exercise this voting authority are referred to as "broker non-votes." If you hold your shares of Central common stock in street name, your broker will vote your shares only if you have given instructions by filling out the voter instruction form sent to you by your broker with this document.

Accordingly, you are urged to mark and return the enclosed proxy card to indicate your vote, submit a proxy by mail or by telephone by following the instructions included on the enclosed proxy card, or fill out the voter instruction form.

Abstentions will be included in determining the presence of a quorum at the Central special meeting, and abstentions will have the same effect as voting against approval of the Central merger agreement proposal. Abstentions will have no effect on the outcome of the Central adjournment proposal or the vote on the non-binding advisory proposal regarding compensation payable to the named executive officers of Central in connection with the merger.

Table of Contents

Proxy Solicitation

Central will pay the costs of soliciting proxies from Central's shareholders for the Central special meeting. Directors, officers and employees acting on behalf of Central may solicit proxies for the special meeting or other means of communication. Central will not pay any additional compensation to these directors, officers, employees or other persons for their activities, but may reimburse them for reasonable out-of-pocket expenses. Central will make arrangements for the use of brokers, custodians, nominees and fiduciaries for forwarding of proxy solicitation materials to beneficial owners. Central will reimburse brokers, brokerage houses, custodians, nominees and fiduciaries, and Central will reimburse these brokerage houses, custodians, nominees and fiduciaries for their reasonable expenses incurred in connection with the solicitation. Central has also engaged a proxy soliciting firm, to assist in the solicitation of proxies for a fee of \$5,000 plus per item and out-of-pocket expenses.

Dissenters' Rights of Appraisal

Section 13.02(a)(1) of the Massachusetts Business Corporation Act generally provides that shareholders are entitled to assert appraisal rights in the event of a merger. Exemptions set forth in Section 13.02(a)(1) of the Massachusetts Business Corporation Act provide that shareholders are not entitled to appraisal rights in transactions that result in the exchange of cash or marketable securities of the surviving corporation in exchange for marketable securities held by the shareholder. This exemption applies because the merger is structured as a direct merger of Central into Independent, with Independent issuing either cash or marketable shares of Independent for their shares of Central common stock.

Section 13.20 of the Massachusetts Business Corporation Act requires Central to report to shareholders whether or not shareholders are, are not, or may be entitled to assert appraisal rights. Central has concluded that shareholders are not entitled to appraisal rights in connection with the merger.

If you believe that you are entitled to appraisal rights, you should do the following pursuant to Part 13 of the Massachusetts Business Corporation Act:

deliver written notice of your intent to demand payment for your shares of Central common stock to the Secretary and Clerk, Central Bancorp, Inc., 399 Highland Avenue, Somerville, MA 01244 before the merger agreement is taken;

NOT vote for the approval of the merger agreement; and

comply with other procedures as are required by Part 13 of the Massachusetts Business Corporation Act. As long as you do not vote for the approval of the merger agreement, failure to vote against the approval of the merger agreement does not constitute a waiver of any appraisal rights that might apply. However, in order to exercise any appraisal rights, you must comply with the procedures as required by Part 13 of the Massachusetts Business Corporation Act.

Part 13 of the Massachusetts Business Corporation Act requires that Central deliver, within 10 days after the merger agreement is approved, written appraisal notice and forms containing certain information to all shareholders who have properly exercised their appraisal rights are available in connection with the merger:

each shareholder that has properly perfected his appraisal rights will be entitled to a cash payment for the shares, plus interest but subject to any applicable withholding taxes, within 30 days of the due date;

a shareholder that fails to execute and return the forms, and comply with the terms stated th
payment; and

if dissatisfied with the payment or offer, shareholders may demand further payment.

Table of Contents

The foregoing summary is not intended to be a complete statement of the procedures for exercising appraisal rights of a shareholder who believes he or she is entitled to appraisal rights and who wishes to preserve those rights. Sections 13.01 through 13.31 of Part 13 of the Massachusetts Business Corporation Act, attached as Annex C to this document, which sets forth the procedures to be complied with in perfecting any such rights. In light of the complexity of Section 13.02) of the Massachusetts Business Corporation Act, those shareholders who may wish to exercise their appraisal rights should consult their legal advisors, as failure to strictly comply with the procedures set forth herein may result in the loss of any appraisal rights to which such shareholder may be entitled. Shareholders should also consult their legal advisors regarding particular federal, state, local, foreign and other tax consequences to them of exercising their appraisal rights.

Stock Certificates

You should not send in any certificates representing Central common stock at this time. If the merger is completed, you will receive instructions for the exchange of your certificates representing Central common stock. For more information regarding the exchange, please see the section in this document titled "The Merger Agreement - Exchange of Central Stock Certificates" beginning on page 55 of this document.

Table of Contents

PROPOSAL TO APPROVE ADJOURNMENT OF THE CENTRAL SPECIAL MEETING

Central is submitting a proposal for consideration at the Central special meeting to authorize the name of the Central special meeting and the date of adjournments of the Central special meeting if there are not sufficient votes to approve the Central merger agreement proposal at the meeting. Even though a quorum may be present at the Central special meeting, it is possible that Central will not have sufficient votes to approve the Central merger agreement proposal by the time of the meeting. In that event, Central may adjourn the Central special meeting in order to solicit additional proxies. The adjournment proposal relates only to the Central special meeting for purposes of soliciting additional proxies to obtain the requisite shareholder vote to approve the Central merger agreement proposal. Any other adjournment of the Central special meeting (e.g., an adjournment required to obtain a quorum) would be voted upon pursuant to the discretionary authority granted by the proxy. If the Central special meeting is adjourned less than 30 days, Central is not required to give notice of the time and place of the adjourned meeting unless announced at the meeting before adjournment, unless the board of directors fixes a new record date for the adjourned meeting.

The Central adjournment proposal relates only to an adjournment of the Central special meeting occurring after the Central special meeting has adjourned to solicit additional proxies for approval of the Central merger agreement proposal in the event that there are insufficient votes to approve the proposal. Each of the Central board of directors and the presiding officer of the Central special meeting has the authority, as set forth in Central's bylaws and under Massachusetts law to adjourn the Central special meeting for a second time. Central may adjourn the Central special meeting before it is convened, without the consent of any Central shareholders.

Table of Contents

ADVISORY VOTE REGARDING CERTAIN EXECUTIVE COMPEN

In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Section 14A of the Exchange Act, Central is providing its shareholders with an opportunity to cast an advisory vote on the compensation payable to its named executive officers, Messrs. Doherty, Morrissey and Feeley, in connection with the proposed merger payable pursuant to arrangements entered into with Central or Independent and as disclosed in this prospectus. Central is asking its stockholders to adopt the following resolution at the special meeting:

RESOLVED, that the shareholders of Central approve, on an advisory basis, the compensation that will be payable to its named executive officers as disclosed pursuant to Item 402(t) of Regulation S-K in **The Merger** and **Officers and Directors in the Merger**.

This resolution will be considered approved if it receives the affirmative vote of the majority of the votes cast by the holders of shares of the Central common stock. Abstentions and broker non-votes will have no effect.

The descriptions of the payments contained in the section entitled **The Merger** and **Interests of Central** and **Officers and Directors in the Merger** including in the table entitled **Compensation of Central's Named Executive Officers in Connection with the Merger** comply with Item 402(t) of Regulation S-K, which requires disclosure of information about compensation of each named executive officer in connection with the merger and that will or may become payable to the named executive officer in connection with the merger. Central is asking its stockholders to approve, on a non-binding advisory basis, such compensation payable by Central. Consistent with SEC rules, the amounts representing payments to be made by Independent in connection with consulting agreements are not subject to the advisory vote.

Vote Required and Board of Directors Recommendation

The vote on this proposal is a vote separate and apart from the vote to approve the merger agreement at the special meeting. You may vote to approve those proposals and vote not to approve this proposal on either proposal. Because the vote is advisory in nature only, it will not be binding on either Central or Independent regardless of whether the merger is completed. Accordingly, as the compensation to be paid in connection with the proposed merger to the named executive officers, regardless of the outcome of this advisory vote, such compensation will be payable to the named executive officers, regardless of the outcome of this advisory vote, if the proposed merger is completed. The vote required to approve this proposal is a majority of the votes cast on the proposal. Abstentions and broker non-votes will have no effect.

Central's Board unanimously recommends a vote FOR the advisory resolution on the compensation payable to Central's named executive officers in connection with the proposed merger.

Table of Contents**THE MERGER**

The discussion in this proxy statement/prospectus of the merger and the principal terms of the merger qualified in their entirety by reference to, the merger agreement, a copy of which is attached to this proxy statement and is incorporated into this proxy statement/prospectus by reference.

General

The merger is structured as a 60% stock and 40% cash transaction. Under the terms and conditions set forth in the merger agreement, Central will merge with and into Independent, with Independent surviving the merger. At the effective time of the merger, Central common stock outstanding immediately prior to the effective time will, by virtue of the merger, be converted into the right to receive either (i) \$32.00 in cash or (2) a number of shares of Independent common stock determined by an exchange ratio that will float linearly upward or downward within a set range to adjust for any stock split, split-up, reverse stock split, stock dividend, reorganization, recapitalization, reclassification or other corporate action with respect to the common stock of Independent or Central that occurs before the merger. Independent will pay cash in lieu of shares of Independent common stock in the merger, but will instead pay cash (determined on the basis of the average closing price of Independent common stock during a twenty-five day measurement period ending five days before the closing of the merger) to a shareholder who elects to receive cash instead of the shares he or she would otherwise receive after aggregating all of his or her shares.

Central's shareholders will be able to elect to receive cash, Independent common stock or a combination of cash and Independent common stock for their shares of Central common stock. Regardless of a Central shareholder's choice, however, the requirement that 60% of Central common stock be converted into Independent common stock and 40% be converted into cash and Independent common stock that a Central shareholder will receive will depend on the election of the other shareholders. The allocation of the consideration payable to Central shareholders will not be known until the closing of the merger. The results of the cash/stock elections made by Central's shareholders. If a Central shareholder does not make an election, the consideration such shareholder will receive will depend on the consideration elected by other Central shareholders.

All outstanding unvested Central stock options and unvested shares of restricted Central common stock outstanding immediately prior to the effective time of the merger. Central options will be cancelled upon consummation of the merger. A Central shareholder will receive a cash payment upon such cancellation in an amount equal to the product of (i) the number of shares of Central common stock provided for by such option and (ii) the excess, if any, of (a) \$32.00 over (b) the exercise price of such option. Accelerated restricted stock will be treated as outstanding Central shares for all purposes under the merger agreement. The right to receive the merger consideration.

Based on the number of shares of Central common stock outstanding on April 30, 2012, it is expected that approximately 5.2% of the outstanding Independent common stock will be issued to Central shareholders in connection with the merger, with the remainder being paid in cash. (based on the number of shares of Independent common stock outstanding on April 30, 2012). The merger agreement provides that the exercise of options to purchase Central common stock will result in the issuance of additional shares of Independent common stock. As of April 30, 2012, if all outstanding Central options were exercised at the closing of the merger, approximately 73,589 additional Independent shares would be issuable to former Central shareholders, subject to the satisfaction as of that date of the applicable

Table of Contents

vesting, exercise price payment and other conditions to which the exercises of such options are subject. Independent shares were issued, former Central shareholders would own approximately 5.5% of Independent immediately after the merger.

Effective upon the consummation of the merger, the Central tax-qualified employee stock ownership plan will terminate immediately. As of July 23, 2012, there were 365,922 shares held by the ESOP. At the consummation of the merger, the ESOP will be converted into the right to receive merger consideration.

Background of the Merger

On January 10, 2012, Central Chairman and CEO John D. Doherty and Central President and COO William Morrissey met with representatives of KBW to discuss informally the concept of strategic alternatives exploration and the possibility of the Central board of directors determine to explore Central's strategic alternatives, including a potential merger.

At the regular meeting of Central's board of directors held on January 19, 2012, Messrs. Doherty and Morrissey met with representatives of KBW. It was the consensus of the board of directors to continue to discuss strategic alternatives. At this meeting, Mr. Doherty advised the directors and executive officers of Central of the confidential nature of the subject matter under discussion and that each of them was prohibited from disclosing the information to any person and from trading in Central's stock. Following this meeting, Messrs. Doherty and Morrissey consulted with legal counsel on several occasions regarding the legal issues associated with a decision to embark on a process of strategic alternatives exploration and had further discussions with KBW regarding the role that they would play if retained to assist in such process.

At a special meeting of Central's board of directors held on February 16, 2012, the board of directors discussed strategic alternative exploration and whether Central should retain KBW to assist in that process. Among other things, the board of directors discussed and took note of the pricing metrics of recently announced transactions involving companies in New England and, based on this data, generally discussed the potential range of value that Central's shareholders could realize in a business combination transaction. Following such discussion and deliberation, the board of directors authorized Mr. Morrissey to negotiate an engagement letter between Central and KBW, subject to approval by the full board of directors. The board of directors also instituted a formal blackout period under Central's Special Trading Policy. The board of directors continued to engage in nonpublic discussions regarding its evaluation of strategic alternatives.

On February 24, 2012, Central formally engaged KBW as its financial advisor. Over the ensuing days, Central identified 19 financial institutions as likely candidates to have an interest in engaging in a potential business combination transaction with Central and contacted, on behalf of Central, those institutions regarding their interest level. KBW conducted a confidential meeting with Central on February 29, 2012. Independent and 13 other institutions executed confidentiality agreements with Central. Independent executed a confidentiality agreement on March 1, 2012.

On March 5, 2012, Independent engaged Sandler O'Neill + Partners, L.P. ("Sandler") as its investment banker for the transaction with Central.

On March 15, 2012, Central's board of directors held a special meeting. Present were representatives of Central and its legal counsel. The board of directors received and considered a presentation from KBW regarding an overview of strategic alternatives exploration, soliciting indications of interest from potential acquirors, a corporate overview of the 19 financial institutions identified by KBW, will contact on behalf Central, an overview of the current mergers and acquisitions environment for companies in New England, and the pricing metrics for recently announced whole-bank non-assisted transactions. The board of directors its fiduciary duties in the context of a change in

Table of Contents

control or other business combination transaction. Following discussion and deliberation, it was the co it would be in the best interests of Central, its stockholders and other constituencies to solicit indicatio parties to engage in a business combination with Central. The board of directors ratified and approved the initial contacts that KBW had made with potential interested parties, authorized KBW to contact th parties and seek to obtain signed confidentiality agreements from them, and directed KBW to instruct preliminary indications of interest by April 2, 2012. The board of directors also authorized granting In that sign confidentiality agreements access to Central preliminary due diligence materials through a se on-line data room was provided during the period from on or about March 15, 2012 to April 2, 2012.

On March 23, 2012, representatives of Central and of Independent met at the law offices of John Morr a potential business combination. Present were Messrs. Doherty, William Morrissey and John Morris Independent s President and Chief Executive Officer, Denis K. Sheahan, Independent s Chief Financ Independent s Chief Loan Officer. At this meeting, the parties present primarily discussed, in general as its market area and business operations. Proposed pricing was not discussed at this meeting.

On April 2, 2012, Independent sent a preliminary written indication of interest for the acquisition of C Independent proposed a mixed consideration transaction (50% cash/50% stock) at an indicated price o exchange ratio of 1.1088 shares of Independent stock per share of Central stock and indicated a willing a degree of price protection against fluctuations in Independent s stock price.

On April 3, 2012, Central s board of directors held a special meeting. Present were representatives of special legal counsel participated by conference call. The board of directors reviewed and discussed th interest that had been received, from Independent, as described above, and from Company B and Com all-cash transaction at \$31.00 per share. Company C proposed an all-cash transaction at a to-be-determ and \$27.00 per share. Based on the proposed pricing terms, the board of directors determined to pursu by Independent and by Company B, authorizing both companies to perform due diligence on Central s indications of interest by April 19, 2012.

On April 6, 2012, Central, aware that in certain prior acquisitions Independent had offered a board sea directors, asked Independent to consider adding John Morrissey, a director of Central, to Independent of the proposed transaction. Central asked for this consideration so that the former shareholders of Ce combined company would have representation on the board of directors of the combined company. M the Security Committee of the Central Bank board of directors, which oversees Central Bank s real es

On April 12, 2012, Independent held a regular meeting of its board of directors, at which the potential potential addition of John Morrissey to the Independent board of directors upon the closing of the prop was the consensus of the Independent board of directors to have a personal meeting with John Morris

On April 16, 2012, representatives of Company B contacted KBW to inform KBW that Company B w and would not be submitting a final indication of interest for consideration by Central s board of direc information to Central the same day.

On April 18, 2012 six members of Independent s board of directors (including Chris Oddleifson, Inde Executive Officer), and Independent s General Counsel, met with John Morrissey at the executive off

Table of Contents

On April 18, 2012, Independent sent a final written indication of interest for the acquisition of Central increase in the exchange ratio from 1.1088 to 1.1165, outlining the mechanics of the stock collar and board for John Morrissey, the terms of Independent's final indication of interest did not vary material indication of interest.

On April 19, 2012, Central's board of directors held a special meeting. Present were representatives of counsel. The board of directors reviewed and discussed the sole final indication of interest that had been received. Following discussion and deliberation, which included a discussion of the estimated pro forma capital structure (which indicated well-capitalized status under current regulations) and a discussion of Independent's requirements that be warranted or required in order to consummate the proposed transaction, the board of directors approved with Independent the terms a definitive merger agreement based on the terms outlined in the final indication of interest and management to conduct a due diligence review of Independent. Central and Independent also entered into an agreement providing exclusive negotiations through April 30, 2012.

Over the following days, Central and Independent negotiated the terms of the merger agreement and the ancillary documents to the merger agreement and Central conducted a due diligence review of Independent. On April 23, 2012, Central granted Central access to a secure on-line electronic data room containing Independent due diligence materials and Central's due diligence review of Independent on April 26, 2012.

During the week of April 23, 2012, Mr. Oddleifson contacted Messrs. Doherty and Morrissey to request that the merger consideration be modified from 50% cash/50% stock to 60% stock/40% cash. Soon thereafter Independent agreed to a 60% stock/40% cash mix for merger consideration.

During the afternoon of April 30, 2012, Central's board of directors held a special meeting to consider the merger agreement and the ancillary documents that the parties to such documents had negotiated. Present were representatives of legal counsel. KBW reviewed in detail with the board of directors the financial aspects of the proposed transaction and that the merger consideration was fair to Central's stockholders from a financial point-of-view. The board of directors' opinion carefully as well as KBW's experience, qualifications and interest in the proposed transaction. The board of directors, contingent upon the closing of the proposed transaction, as is customary. In addition, special legal counsel reviewed with the board of directors the definitive merger agreement and all related documents, copies of which were delivered to the board of directors at the meeting. Following extensive review and discussion, the board of directors unanimously approved the merger agreement and directed management to execute and deliver the merger agreement and the ancillary documents, subject to the terms of Independent's board of directors, which was to meet later that afternoon, had also adopted the merger agreement and the execution and delivery of the merger agreement and the ancillary documents.

Also during the afternoon of April 30, 2012, Independent's board of directors held a special meeting to consider the merger agreement and the ancillary documents that the parties to such documents had negotiated. Present were representatives of Independent's special legal counsel. Sandler reviewed in detail with the board of directors the financial aspects of the proposed transaction and delivered its opinion that the proposed transaction was fair to Independent's shareholders from a financial point-of-view. The board of directors considered this opinion carefully as well as Sandler's experience, qualifications and interest in the proposed transaction. In addition, Independent's general counsel reviewed in detail with the board of directors the definitive merger agreement and all related documents, copies of which were delivered to each director before the date of the meeting. Following extensive review and discussion, Independent's board of directors unanimously approved the merger agreement and authorized and directed management to execute and deliver the merger agreement and the ancillary documents.

Table of Contents

Before the opening of the trading markets on May 1, 2012, Central and Independent issued a joint press release regarding the adoption and execution of the merger agreement.

Recommendation of Central's Board of Directors and Reasons for the Merger

Central's board of directors has unanimously approved the merger agreement and unanimously recommended FOR the approval of the merger agreement and the merger.

In approving the merger agreement, Central's board of directors consulted with KBW regarding the financial aspects of the transaction from a financial point-of-view and with Central's legal counsel as to the board of directors' legal obligations under the merger agreement. In arriving at its decision to approve the merger agreement, the board of directors considered the following factors, including:

The value of the merger consideration offered by Independent is commensurate with the price of the merger transactions and, at \$32.00 per share, represented a 70.7% premium over the closing market price of Central common stock on April 27, 2012, the last trading day before the date of the merger agreement.

Central stockholders will have the opportunity to elect to receive Independent common stock in exchange for their Central common stock, enabling them to participate in any growth opportunities of the combined company.

Independent currently pays an annual cash dividend of \$0.84 per share (or an implied annual dividend of \$0.20 per share based on an exchange ratio of 1.1161 Independent shares for each Central share), compared to Central's cash dividend of \$0.20 per share.

The results that Central could expect to obtain by continuing to operate independently and the value of the merger consideration to Central's shareholders, compared to the value of the merger consideration.

The perceived risks to shareholder value presented by continued independent operations, including the inherent uncertainties about future growth, performance and economic conditions.

Information concerning the business, earnings, operations, financial condition and prospects of Central and Independent, individually and as a combined company, and the likelihood of the transaction receiving the necessary regulatory approvals in a timely manner and without imposition of burdensome conditions.

Independent's proven track record of successfully completing acquisition transactions and the value of the acquired companies.

The opinion rendered by KBW, as of April 30, 2012, that the merger consideration is fair, reasonable and in the best interests of Central's stockholders.

The terms of the merger agreement and the structure of the merger, including that the merger consideration will be paid in cash, a transaction of a type that is generally tax-free for U.S. federal income tax purposes.

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That a member of Central's board of directors will be appointed to the Independent's board.

The interests of certain executive officers and directors of Central, which are different from Central's shareholders generally.

The effect of the merger on Central Co-operative Bank's depositors, customers and the Central Co-operative Bank, as well as its effect on Central Co-operative Bank's employees. Central Independent to be an opportunity to provide depositors, customers and the communities served by Central Co-operative Bank with increased financial services and increased access to those services.

Table of Contents

through more branch offices. Central also considered the opportunities for career advancement that would be available to Central employees who continue employment with the combined company. Severance benefits provided for in the merger agreement for any Central employees who do not remain with the combined company.

Central's board of directors also considered potential risks associated with the merger in connection with the merger agreement, including that other parties that might be interested in proposing a transaction with Central might be deterred given the terms of the merger agreement generally prohibiting Central from soliciting, engaging in discussions, or entering into an agreement regarding an alternative transaction, requiring Central to pay a termination fee to Independent under certain circumstances. Central's directors to execute agreements requiring them to vote in favor of the merger with Independent in order that it agree to enter into the merger agreement.

The foregoing discussion of the information and factors considered by Central's board of directors is not intended to be a comprehensive list of material factors that the board of directors considered and discussed in approving and recommending the merger. A variety of factors considered and discussed by Central's board of directors in connection with its evaluation of these factors, the board of directors did not quantify, rank or assign any relative or specific weight to any one factor. The board considered all of the factors as a whole. The board of directors discussed the foregoing factors, including with management and legal and financial advisors, and reached general consensus that the merger was in the best interests of the shareholders. In considering the foregoing factors, individual directors may have assigned different weights to different factors. The board of directors did not undertake to make any specific determination as to whether any factor, or particular combination of factors, did not support its ultimate decision to approve the merger agreement and the merger. The foregoing information is presented in Central's board of directors and all other information presented in this section is forward-looking in nature and is subject to the light of the cautionary statements set forth in "Forward-Looking Statements" on page 21.

Opinion of Central's Financial Adviser

On February 24, 2012, Central engaged KBW to render financial advisory and investment banking services to assist Central in assessing the fairness, from a financial point of view, of the merger consideration in the merger to the shareholders of Central. Central engaged KBW because KBW is a nationally recognized investment bank with extensive experience in transactions similar to the merger and is familiar with Central and its business. As part of its engagement, KBW is continually engaged in the valuation of financial services companies and their securities in connection with acquisitions.

As part of its engagement, representatives of KBW attended the meeting of the Central board held on February 24, 2012. The board evaluated the proposed merger with Independent. At this meeting, KBW reviewed the financial information and rendered an opinion that, as of such date, the merger consideration offered to Central shareholders in the merger was fair from a financial point of view. The Central board approved the merger agreement at this meeting.

The full text of KBW's written opinion is attached as Appendix B to this document and is incorporated by reference. Shareholders are urged to read the opinion in its entirety for a description of the procedures followed, the information considered, and qualifications and limitations on the review undertaken by KBW. The description of the opinion is incorporated in its entirety by reference to the full text of such opinion.

KBW's opinion speaks only as of the date of the opinion. The opinion is directed to the Central board of directors from a financial point of view, of the consideration offered to the Central shareholders in the merger.

Table of Contents

shareholders. It does not address the underlying business decision to proceed with the merger and does not advise any Central shareholder as to how the shareholder should vote at the Central special meeting on the merger.

In rendering its opinion, KBW:

reviewed, among other things,

the merger agreement;

Annual Reports to Stockholders and Annual Reports on Form 10-K for the three years ended December 31, 2009, 2010, and 2011 of Central and Independent; and

certain interim reports to stockholders and Quarterly Reports on Form 10-Q of Central and Independent; and all public communications from Central and Independent to their respective stockholders; and

other financial information concerning the businesses and operations of Central and Independent, including the financial statements of Central and Independent for purposes of KBW's analysis.

In addition, KBW held discussions with members of senior management of Central and Independent regarding their respective operations, regulatory relations, financial condition, future prospects of their respective companies, and other matters that were relevant.

In addition, KBW compared certain financial and stock market information for Central and Independent with that of other companies the securities of which are publicly traded, reviewed the financial terms of certain securities in the banking industry, and performed other studies and analyses that it considered appropriate.

In conducting its review and arriving at its opinion, KBW relied upon the accuracy and completeness of the information provided to it or otherwise publicly available. KBW did not independently verify the accuracy of the information or assume any responsibility for such verification or accuracy. KBW relied upon the management of Central and Independent as to the reasonableness and achievability of the financial and operating forecasts and projections (and other information) provided to KBW and assumed that such forecasts and projections reflected the best currently available information of the managements and that such forecasts and projections will be realized in the amounts and in the time periods stated. KBW assumed, without independent verification, that the aggregate allowance for loan losses of Central and Independent are adequate to cover those losses. KBW did not make or obtain any evaluations or appraisals of the assets or liabilities of Central or Independent, nor did it examine any individual credit files.

The projections furnished to KBW and used by it in certain of its analyses were prepared by Central and Independent's internal teams. Central and Independent do not typically publicly disclose internal management projections of this nature in connection with its review of the merger. As a result, such projections were not prepared with a view to their public disclosure. The projections were based on numerous variables and assumptions, which are inherently uncertain, including changes in economic and competitive conditions. Accordingly, actual results could vary significantly from those projected.

For purposes of rendering its opinion, KBW assumed that, in all respects material to its analyses:

the merger will be completed substantially in accordance with the terms set forth in the merger agreement, without any additional payments or adjustments to the merger consideration;

the representations and warranties of each party in the merger agreement and in all related documents in the merger agreement are true and correct;

Table of Contents

each party to the merger agreement and all related documents will perform all of the covenants to be performed by such party under such documents;

all conditions to the completion of the merger will be satisfied without any waivers; and

in the course of obtaining the necessary regulatory, contractual, or other consents or approvals, including any divestiture requirements, termination or other payments or amendments or modifications that would have a material adverse effect on the future results of operations or financial condition of the combined company or the contemplated benefits of the merger, including the cost savings, revenue enhancements and other benefits to be realized from the merger.

KBW further assumed that the merger will be accounted for using the acquisition method under generally accepted accounting principles (GAAP), and that the merger will qualify as a tax-free reorganization for United States federal income tax purposes. KBW did not express an opinion as to the prices at which shares of Central common stock or shares of Independent common stock will be sold following the announcement of the merger or the actual value of the shares of common stock of the combined company pursuant to the merger, or the prices at which the shares of common stock of the combined company will be sold in connection with the merger.

In performing its analyses, KBW made numerous assumptions with respect to industry performance, general economic conditions and financial conditions and other matters, which are beyond the control of KBW, Central and Independent. The analyses performed by KBW are not necessarily indicative of actual values or future results, which may be more favorable than suggested by these analyses. Additionally, estimates of the value of businesses or securities are based on assumptions to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these estimates are subject to substantial uncertainty. In addition, the KBW opinion was among several factors taken into account by the Central board in making its determination to approve the merger agreement and the merger. Consequently, the analyses should not be viewed as determinative of the decision of the Central board with respect to the fairness of the consideration in the merger agreement and the merger.

The following is a summary of the material analyses performed and presented by KBW to the Central board in connection with its fairness opinion. The summary is not a complete description of the analyses underlying the fairness opinion presented by KBW to the Central board, but summarizes the material analyses performed and presented by KBW in its opinion. The preparation of a fairness opinion is a complex analytic process involving various determinations regarding the relevant methods of financial analysis and the application of those methods to the particular circumstances. The summary is not readily susceptible to partial analysis or summary description. In arriving at its opinion, KBW did not consider any analysis or factor that it considered, but rather made qualitative judgments as to the significance and weight of each factor. The financial analyses summarized below include information presented in tabular format. Accordingly, the analyses and the summary of its analyses must be considered as a whole and that selecting portions of the summary on the information presented below in tabular format, without considering all analyses and factors or the underlying financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading impression of the process underlying its analyses and opinion. The tables alone do not constitute a complete description of the analyses.

Summary of Proposal. Pursuant to the terms of the merger agreement, each outstanding share of common stock of Central not owned by Central or Independent or by any of their respective wholly-owned subsidiaries, in its fiduciary capacity or as a result of debts previously contracted, will be cancelled and retired and converted into the amount of \$32.00 or shares of common stock of Independent, par value \$0.01 per share, based on the

Table of Contents

merger agreement. Based on Independent’s closing price on April 27, 2012, of \$28.67, the exchange is equivalent to a price of \$32.00 per share to Central’s shareholders.

Selected Companies Analysis. Using publicly available information, KBW compared the financial performance and market performance of Central to the following publicly traded banks and thrifts headquartered in New England with total assets of \$250 million and \$1.0 billion. The companies included in this group were:

<p>SI Financial Group, Inc. New England Bancshares, Inc. BSB Bancorp, Inc. Patriot National Bancorp, Inc. Chicopee Bancorp, Inc. Salisbury Bancorp, Inc. Northeast Bancorp</p>	<p>Naugatuck Valley Financial Hampden Bancorp, Inc. Union Bankshares, Inc. Peoples Federal Bancshares PSB Holdings, Inc. (MHC) Newport Bancorp, Inc. Wellesley Bancorp, Inc.</p>
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Using publicly available information, KBW compared the financial performance, financial condition, and market performance of Central to the following publicly traded banks and thrifts headquartered in New England with total assets of \$30.0 billion. The companies included in this group were:

<p>People’s United Financial, Inc. Webster Financial Corporation Boston Private Financial Holdings, Inc. Brookline Bancorp, Inc.</p>	<p>Berkshire Hills Bancorp, Inc. Washington Trust Bancorp, Century Bancorp, Inc. Camden National Corporation</p>
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To perform this analysis, KBW used financial information as of the three month period ended March 31, 2012 and December 31, 2011 based on the most recent available. Market price information was as of April 27, 2012 and 2013 were taken from a nationally recognized earnings estimate consolidator for selected companies. The data presented by KBW, and as referenced in the tables presented below, may not correspond to the data presented in the companies’ historical financial statements as a result of the different periods, assumptions and methods used by KBW in its analysis. The data presented is for informational purposes only.

Table of Contents

KBW's analysis showed the following concerning Central's and Independent's respective financial

	Central	Central Group Minimum
Core Return on Average Assets (1)	0.31%	0.0
Core Return on Average Equity (1)	3.5%	0.
Net Interest Margin	3.35%	2.4
Efficiency Ratio	81.8%	62.

	Independent	Independent Group Minimum
Core Return on Average Assets (1)	1.00%	0.5
Core Return on Average Equity (1)	10.3%	4.
Net Interest Margin	3.77%	2.1
Efficiency Ratio	65.9%	53.

	Central	Central Group Minimum
Tangible Common Equity / Tangible Assets	6.28%	6.6
Total Capital Ratio	16.92%	11.9
Loan Loss Reserve / Loans	0.97%	0.2
Nonperforming Assets / Loans + OREO	3.41%	0.7
Net Charge-Offs / Average Loans	0.36%	(0.0

	Independent	Independent Group Minimum
Tangible Common Equity / Tangible Assets	6.99%	5.
Total Capital Ratio	12.89%	11.
Loan Loss Reserve / Loans	1.25%	0.
Nonperforming Assets / Loans + OREO	2.00%	0.
Net Charge-Offs / Average Loans	0.16%	0.

(1) Core income excludes extraordinary items, non-recurring items and gains/losses on sale of securities

Table of Contents

KBW's analysis showed the following concerning Central's and Independent's market performance:

	Central	Central Group Minimum
Stock Price / Book Value per Share (1)	0.90x	0.6
Stock Price / Tangible Book Value per Share (1)	0.97x	0.6
Stock Price / Last Twelve Months EPS (1)	208.3x	12
Dividend Yield	1.1%	0
Last Twelve Months Dividend Payout Ratio	222.2%	0

	Independent	Independent Group Minimum
Stock Price / Book Value per Share (1)	1.29x	0.8
Stock Price / Tangible Book Value per Share (1)	1.83x	0.9
Stock Price / 2012 EPS (2)	13.3x	12
Stock Price / 2013 EPS (2)	12.5x	10
Dividend Yield	2.9%	0
2012 Dividend Payout Ratio	38.9%	6

(1) Based on Independent's closing price of \$28.67 on April 27, 2012

(2) Estimates per First Call consensus

Recent Transactions Analysis. KBW reviewed publicly available information related to selected acquisition companies as well as thrifts and thrift holding companies headquartered in New England that were announced deal values. The transactions included in the groups were:

Acquiror

Commerce Bancshares Corp.
NBT Bancorp Inc.
Berkshire Hills Bancorp, Inc.
Brookline Bancorp, Inc.
People's United Financial, Inc.
Berkshire Hills Bancorp, Inc.
Brookline Bancorp, Inc.
First Niagara Financial Group, Inc.
Liberty Bank
People's United Financial, Inc.
Eastern Bank Corporation

Acquiree

Mercantile Capital Corp
Hampshire First Bank
Connecticut Bank and Trust
Bancorp Rhode Island, Inc.
Danvers Bancorp, Inc.
Legacy Bancorp, Inc.
First Ipswich Bancorp
NewAlliance Bancshares, Inc.
Connecticut River Community
LSB Corporation
Wainwright Bank & Trust Co.

Transaction multiples for the merger were derived from an offer price of \$32.00 per share for Central. Above, KBW derived and compared, among other things, the implied ratio of price per common share

tangible book value per share of the acquired company based on the latest publicly available information available prior to the announcement of the acquisition.

tangible equity premium to core deposits (total deposits less time deposits greater than \$100,000) as of the date of the announcement of the acquisition, less the tangible equity premium to core deposits (total deposits less time deposits greater than \$100,000) as of the date of the last available financial statements of the company available prior to the announcement of the acquisition.

market premium based on the closing price 1-day prior to the announcement of the acquisition.

Table of Contents

The results of the analysis are set forth in the following table:

Transaction Price to:	Independent / Central Merger	Recent Transaction Minimum
Tangible Book Value	165%	11
Core Deposit Premium	8.2%	1.
Market Premium (1)	70.7%	24.

(1) Based on Central closing price of \$18.75 on April 27, 2012

No company or transaction used as a comparison in the above analysis is identical to Central, and the analysis of these results is not mathematical. Rather, it involves complex considerations and judgment regarding the and operating characteristics of the companies.

Contribution Analysis. KBW analyzed the relative contribution of Independent and Central to the pro forma statement items of the combined entity, including assets, gross loans held for investment, deposits, tangible intangibles, GAAP net income, and pre-transaction market capitalization. KBW compared the relative contribution of the companies as of March 31, 2012 for Independent and December 31, 2011 for Central, which did not include any estimated intangible assets and income statement items with the estimated pro forma ownership for Central based on 60% of Central shares and 40% of Independent shares exchanged for \$32.00 in cash. The results of KBW's analysis are set forth in the table:

	Independent
Assets	91%
Gross Loans Held for Investment	90%
Deposits	92%
Tangible Common Equity	91%
2013 Estimated GAAP Net Income (1)	97%
Market Capitalization	95%
Ownership at 60% stock / 40% cash	95%

(1) Independent 2013 EPS estimate per First Call; Central 2013 EPS estimate per Independent First Call.
Financial Impact Analysis. KBW performed pro forma merger analyses that combined projected income statement information of Central and Independent. In its analysis, KBW assumed that the merger would be accounted for such that fair value adjustments would amount to (\$10.5) million, on a net basis, that a core deposit intangible asset would be amortized using sum-of-years digits method over 10 years and that cost savings would offset stand-alone expenses. Based on First Call (a nationally recognized earnings estimate consolidator) merger analysis, Independent's stand-alone per share net income would be \$2.30 in 2013, and that, based on estimates, Central's per share net income would be \$1.08 in 2013. This analysis indicated that the merger is expected to be accretive to Independent's per share net income in 2013, with such estimated earnings per share accretion amounting to \$0.20 in 2013. KBW's analysis also indicated that the merger would be dilutive to Independent's estimated December 31, 2012 book value per share and tangible intangibles, respectively, and that Independent would maintain capital ratios in excess of those required for well-capitalized under existing regulations. For all of the above analyses, the actual results achieved by the companies will vary from the projected results, and the variations may be material.

Discounted Cash Flow Analysis. KBW performed a discounted cash flow analysis to estimate a range of cash flows that Central could provide to equity holders through 2017 on a stand-alone basis. In performing management's estimates for Central of \$0.21, \$0.77 and \$1.03 for 2013, 2014 and 2015, respectively,

Table of Contents

2012, 2013 and 2014, respectively, and applied a growth rate of 15.0% thereafter, from Central management ranging from 10.0% to 16.0%. To determine the range of discount rates to utilize, KBW used the capital asset pricing model (CAPM) as a focal point. The CAPM includes an expected market risk premium (as provided by a recognized provider of this data) of 6.6%, which is then multiplied by Central's raw beta of 0.2%, resulting in 1.4%. The CAPM formula then adds the risk free rate of the 10 year treasury of 2.0% and a micro-cap adjustment of 6.1% (as provided again by Ibbotson Associates) to result in a CAPM Implied Cost of Equity Capital of 9.5%. Using the CAPM Implied Cost of Equity Capital of 9.5% and the CAPM Implied Cost of Equity Capital of the NASDAQ Bank Index, the CAPM Implied Cost of Equity Capital resulted in 16.2%. The range of discount rates used was (1) the present value of projected cash flows to Central, shareholders from 2012 to 2017 and (2) the present value of projected cash flows to Central, shareholders from 2012 to 2017 and (2) the present value of projected cash flows for 2012-2014 and assumed a growth rate of 5.0% per year thereafter, from Central management, and (3) the present value of projected cash flows for 2012-2014 and assumed a growth rate of 5.0% per year thereafter, from Central management, and (4) the present value of projected cash flows for 2012-2014 and assumed a growth rate of 5.0% per year thereafter, from Central management, and (5) the common equity/tangible asset ratio of 7.00% and would retain sufficient earnings to maintain that level. The range of multiples would need to be retained represented dividendable cash flows for Central. In calculating the terminal value, the range of multiples ranging from 12.0 times to 16.0 times 2017 forecasted earnings. This range of multiples was based on market accepted values. This resulted in a range of values of Central from \$7.02 to \$14.18 per share. The discount rate analysis is a widely used valuation methodology that relies on numerous assumptions, including asset values and discount rates. The analysis did not purport to be indicative of the actual values or expected values.

The Central board retained KBW as financial adviser to Central regarding the merger. As part of its ongoing business, KBW continually engaged in the valuation of bank and bank holding company securities in connection with its investment banking underwritings, secondary distributions of listed and unlisted securities, private placements and valuations of bank securities in the securities of banking companies, KBW has experience in, and knowledge of, the valuation of bank securities as a part of the course of its business as a broker-dealer, KBW may, from time to time, purchase securities from, and sell securities to, Central and Independent. As a market maker in securities KBW may from time to time have a long or short position in securities of Central and Independent for KBW's own account and for the accounts of its customers.

Central and KBW have entered into an agreement relating to the services to be provided by KBW in connection with the merger. Central has agreed to pay to KBW at the time of closing of the transaction a cash fee equal to 1.00% of the aggregate value of the exchange for the outstanding shares of common stock of Central. Pursuant to the KBW engagement agreement, Central will reimburse KBW for reasonable out-of-pocket expenses and disbursements incurred in connection with the merger, including certain liabilities, including liabilities under the federal securities laws. During the two years preceding the merger, KBW did not receive compensation for investment banking services from either Central or Independent.

Approval of Independent's Board of Directors and Reasons for the Merger

Independent's board of directors determined that the merger agreement and the merger are advisable and in the best interests of Independent and its shareholders. Accordingly, Independent's board of directors adopted and approved the merger agreement.

The Independent board of directors unanimously approved the merger agreement and the merger because the merger should strengthen Independent's existing franchise and increase long term shareholder value because the merger is with a company that is deeply committed to its customers, employees, and the communities that it serves. The merger is part of Independent's geographic expansion strategy, should help Independent accelerate loan and deposit growth in the competitive markets where Central is now located, and should provide Rockland Trust with greater access to customers and potential growth opportunities in communities north and west of Boston, Massachusetts. The merger should,

Table of Contents

in particular, significantly improve Independent’s deposit market share in Middlesex County, Massachusetts, attractive to Independent and its shareholders because it allows Independent to add Central’s loan and while simultaneously providing Independent with the opportunity to maintain and deepen relationships Independent’s deeper set of products. The Independent board of directors believes that the combined realize a stronger competitive position and improved long-term operating and financial results, including enhancements. In addition, Independent’s financial advisor, Sandler, reviewed in detail with the board the proposed transaction and delivered its opinion that the proposed transaction was fair to Independent of view.

After taking into account these and other factors, the Independent board of directors determined that they were in the best interests of Independent and its shareholders and that Independent should enter into the merger. Independent’s board of directors evaluated the factors described above, including asking questions of Independent’s legal and financial advisers, and reached the unanimous decision that the merger was in the best interests of Independent, its shareholders, its employees, its customers and the communities served by Independent. This discussion of factors considered by Independent’s board of directors is not exhaustive, but includes all material factors considered by the board. The board considered these factors as a whole, and overall considered them to be favorable to, and to support, the merger. The board of directors did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the factors considered in reaching its decision. In considering the factors described above, individual members of the board have given different weights to different factors. Independent’s board of directors considered these factors to be favorable to, and to support, its determination.

Regulatory Approvals Required to Complete the Merger

The merger is subject to the condition that all consents and approvals of any governmental authority required for the other transactions contemplated by the merger agreement shall have been obtained and remain in full force and effect until the waiting periods in respect thereof shall have expired or been terminated. The merger also is subject to the condition that no regulatory approvals shall impose a Burdensome Condition, which is defined in the merger agreement as any other requirement that would prohibit or materially limit the ownership or operation by Central or any of its subsidiaries, of all or any material portion of the business or assets of Central or any of its subsidiaries, or compel Independent or any of its subsidiaries to dispose of all or any material portion of the business or assets of any of its subsidiaries or Independent or any of its subsidiaries.

The consents and approvals of governmental authorities that Independent and Central believe are required for the merger are as follows:

the approval of the Board of Bank Incorporation of the Commonwealth of Massachusetts to merge Central Co-operative Bank with Independent, with Independent surviving the merger;

confirmation from the Massachusetts Housing Partnership Fund (the Housing Partnership Fund) that the merger arrangements satisfactory to the Housing Partnership Fund; and

the approval of the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956. The consents and approvals of governmental authorities that Independent and Central believe are required for the merger of Central Co-operative Bank with Rockland Trust (which are not conditions to consummation of the merger) are as follows:

the FDIC’s approval of the merger of Central Co-operative Bank with and into Rockland Trust.

Table of Contents

the approval of the Massachusetts Commissioner of Banks to merge Central Co-operative Bank with Rockland Trust being the surviving entity.

The parties have filed all applications and notice materials necessary to obtain these regulatory approvals. The merger cannot be completed until the first three approvals and confirmations listed above have been obtained, and the statutory waiting periods in respect thereof have expired, and the merger between Rockland Trust and Central Co-operative Bank (the "merger") cannot be completed until after the last two approvals listed above have been obtained. The merger cannot be completed until 30 days after the approval of the Federal Reserve Board (or such shorter period as the Federal Reserve Board may determine in concurrence of the United States Department of Justice, but not less than 15 days), during which time the Federal Reserve Board may attempt to challenge the merger on antitrust grounds. The bank merger (the completion of which is not a condition to the consummation of the merger) cannot be consummated until 30 days after the approval of the FDIC (or such shorter period as the FDIC may determine in concurrence of the United States Department of Justice, but not less than 15 days), during which time the Department of Justice may attempt to challenge the merger on antitrust grounds. The commencement of an antitrust action by the Department of Justice would stay the consummation of the merger until the FDIC approval, as the case may be, unless a court specifically orders otherwise. In the event of a challenge to the merger, the Department of Justice could analyze the merger's effect on competition differently than the FDIC, and it is possible that the Department of Justice could reach a different conclusion than the FDIC regarding the merger's (or the bank merger's) competitive effects.

Independent and Central cannot assure you that all required regulatory approvals or confirmations will be obtained or whether there will be conditions in the approvals or any litigation challenging the approvals. Independent and Central cannot assure you that the United States Department of Justice or the Attorney General of the Commonwealth of Massachusetts will not attempt to challenge the merger on antitrust grounds, or what the outcome will be if such a challenge is made. Independent and Central are not aware of any other government approvals or actions that are required prior to the parties' consummation of the merger contemplated that if any such additional governmental approvals or actions are required, such approvals or actions will be obtained. There can be no assurance, however, that any such additional approvals or actions will be obtained.

Interests of Central's Executive Officers and Directors in the Merger

Central's executive officers and directors have interests in the merger that may be different from, or in conflict with, the interests of Central's shareholders generally. The Central board of directors was aware of these interests and considered them when it approved the merger agreement.

Equity Plans

All outstanding unvested Central stock options and restricted shares of Central common stock will be cancelled as of the effective time of the merger. Central options will be cancelled upon consummation of the merger, and holders of such options will receive a cash payment upon such cancellation in an amount equal to the product of (i) the number of shares of Central common stock covered by such option and (ii) the excess, if any, of (a) \$32.00 over (b) the exercise price of the option. Holders of restricted shares of Central common stock that are vested in connection with the merger will be entitled to receive the same forms of Central common stock.

The Central shareholders' approval of the merger will cause the acceleration of vesting of all outstanding unvested restricted stock under Central's 1999 Stock Option and Incentive Plan and 2006 Long-Term Incentive Plan. The merger will also cause the acceleration of vesting of all unvested stock options for approximately 31,733 shares of Central common stock and 15,929 unvested restricted shares of Central common stock outstanding under such plans. The merger agreement provides for the immediate termination of the tax-qualified pension plan of Central subject to, and effective upon, the consummation of the merger. See Merger Agreement.

Table of Contents

The following table sets forth, as of April 30, 2012, the total number of options held by the named executive officers of Central as a group and all non-employee directors of Central as a group, as well as the number of unvested shares of restricted stock received upon cancellation of such options. In addition, the following table reflects the number of unvested shares of restricted stock held by the named executive officers of Central, the executive officers of Central as a group and all non-employee directors of Central, which will vest as a result of the merger.

Name	Number of Options	Payment at Completion of Merger when Options are Cancelled (Before Deduction of Withholding Taxes) (1)	Number of Current Unvested Shares of Restricted Stock (2)
John D. Doherty	8,267	\$ 119,872	10,000
William P. Morrissey			
Paul S. Feeley	7,466	\$ 108,257	1,800
Executive Officers as a Group	16,000	\$ 232,000	4,000
TOTAL	31,733	\$ 460,129	15,900

(1) Calculated by multiplying the number of options by the amount of the excess of the cash purchase price over the exercise price per share of the options.

(2) Calculated by multiplying the number of unvested shares of restricted stock by the cash purchase price per share of the restricted stock.

Settlement Agreements

Independent has agreed to honor Central's pre-existing employment agreements, salary continuation agreements, health and dental insurance agreements with John D. Doherty, Central's Chairman and Chief Executive Officer, and William P. Morrissey, Central's President and Chief Operating Officer, and Central's pre-existing severance agreements with Paul S. Feeley, Central's Senior Vice President of Retail Banking, and Bryan Greenbaum, Central's Senior Vice President of Retail Banking. In connection with the merger, Central and the named executive officers have entered into settlement agreements (that include waiver and release provisions) with these officers. Pursuant to the settlement agreements, the named executive officers are avoiding any future disagreement with respect to, the lump sum payments and continuation of health and dental insurance. Pursuant to the settlement agreements, the named executive officers are entitled to receive under their agreements with Central. Pursuant to the settlement agreements, the named executive officers' employment will terminate at the closing of the merger (other than the survival of certain specified provisions) and the named executive officers are required to execute the settlement agreements to determine their rights to receive severance and other payments and benefits under their employment.

Under these settlement agreements, in settlement of certain portions of their existing employment agreements, salary continuation agreements or severance agreements with Central, as applicable, lump sum cash payments will be made to the named executive officers in the amount of \$1,334,131 for Mr. Doherty, \$1,509,766 for Mr. Morrissey, \$368,773 for Mr. Feeley and \$2,000,000 for Mr. Greenbaum. The settlement agreements with each of Messrs. Doherty and Morrissey also provide for (i) full satisfaction of the named executive officers' obligations under the executive health plan insurance agreements with such executives, in the amount of \$59,772 for Mr. Doherty, and (ii) payment to each such executive of any vested benefits he might have under the executive health plan insurance agreements maintained or contributed to by Central in which he is a participant.

In addition, as provided in their existing employment agreements, Mr. Doherty and Mr. Morrissey will receive a lump sum cash payment for the excise taxes imposed under Section 4999 of the Internal Revenue Code so that, after payment of the excise taxes, the named executive officers will retain the same net amount of the excise taxes imposed on the indemnification payments, the executive will retain the same net amount of the excise taxes imposed on the indemnification payments.

Table of Contents

that he or she would have retained if there were no 20% excise tax imposed under Section 280G. It is not expected that indemnification payments will be required. The amounts payable to Messrs. Feeley and Greenbaum will be reduced so that no portion of the amounts payable to them would be subject to excise tax under Section 4999 of the Internal Revenue Code, non-deductible to the payor by reason of Section 280G of the Internal Revenue Code. It is not expected that any such payment is necessary.

Consulting, Non-Competition and Non-Solicitation Agreements

The merger agreement requires as a condition to closing that Mr. Doherty enter into a non-competition, confidentiality, non-competition and non-solicitation covenants, with the non-competition and non-solicitation covenants to run for two years following the effective date of the merger. As consideration for these covenants, Mr. Doherty will receive a cash payment of \$320,000 at closing.

The merger agreement also requires as a condition to closing that Mr. Morrissey enter into a consulting, confidentiality, non-solicitation agreement under which he will provide Independent with certain consulting services from the effective date and be bound by confidentiality, non-competition and non-solicitation covenants, with the non-solicitation restrictions that survive for three years following the effective date of the merger. As consideration for Mr. Morrissey is entitled to a lump sum cash payment of \$210,000 at closing as well as payments of \$210,000 on the first and third anniversaries of closing. As consideration for his consulting services, Mr. Morrissey will receive equal monthly installments.

Compensation of Central's Named Executive Officers in Connection with the Merger

The following table reflects the compensation and benefits that will or may be paid or provided to each of the named executive officers in connection with the merger as described above. Please note that the amounts indicated below are estimates based on assumptions that may or may not actually occur, including assumptions described in this proxy statement. The amounts are based on information currently available and, as a result, the actual amounts, if any, to be paid to each officer may differ in material respects from the amounts set forth below. Further, calculations are based on the following assumptions: (i) the portion of equity awards subject to acceleration as of May 31, 2012, including with respect to calculating the portion of equity awards subject to acceleration as of May 31, 2012, vesting of the equity and assuming that all Central options, unvested shares of restricted stock remain unvested as of May 31, 2012, price per share of \$32.00, (iii) the equity holdings of the named executive officers as of May 31, 2012, and (iv) the termination of the named executive officers immediately following a change in control as of May 31, 2012.

Compensation of Central's Named Executive Officers in Connection with the Merger

Name	Cash (\$)	Equity (\$)	Pension/ NQDC (\$)	Perquisites Benefit (\$)
John D. Doherty	1,057,750	441,440	276,381	92,000
William P. Morrissey	935,137		674,629	156,000
Paul S. Feeley	368,773	165,843		

- (1) Amount represents a benefit of \$59,772 from the Executive Health Insurance Plan and \$32,262 from the Executive Life Insurance Plan and license plate.
- (2) Amount represents a benefit of \$674,629 from the Executive Health Insurance Plan and \$7,217 from the Executive Life Insurance Plan and license plate.

Table of Contents

- (3) Amount represents value of noncompete agreement between Mr. Doherty and Independent.
- (4) Amount represents value of noncompete agreements between Mr. Morrissey and Independent of \$600,000.

Indemnification and Insurance

The merger agreement provides that Independent will indemnify and hold harmless the present and former and its subsidiaries against costs or expenses, judgments, fines, losses, claims, damages or liabilities in an action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising, existing or occurring at or prior to the merger, whether asserted or claimed prior to, at or after the effective date, such indemnified party would have been indemnified, as a director or officer of Central or any of its subsidiaries. Independent will also continue to cover those persons for a period of six years following the effective date of the merger for actions or omissions occurring at or prior to the merger, except that Independent is not required to exceed the current amount expended by Central to maintain such insurance.

Appointment of Central Director to the Independent and Rockland Trust Boards of Directors

Effective as of and contingent upon the effective time of the merger, the board of directors of Independent will elect John J. Morrissey, a member of the Central and Central Bank boards of directors, to the board of directors of Rockland Trust. Mr. Morrissey will be paid the same fees payable to Independent's non-employee directors as William Morrissey.

Litigation Relating to the Merger

A putative stockholder class action lawsuit was filed in connection with the merger agreement on July 12, 2012 in Middlesex County, Massachusetts, against Central, each of Central's directors, and Independent, captioned *D. Doherty et al, Civil Action No. 12-2682*. The lawsuit alleges that Central and Central's directors breached their duties to Central's shareholders in connection with the approval and disclosure of the proposed merger with Independent and abetted the alleged breaches of fiduciary duty. Central, Central's directors and Independent believe the complaint are without merit and intend to defend vigorously against the allegations in the complaint.

Table of Contents

THE MERGER AGREEMENT

The following summary describes certain aspects of the merger, including material provisions of the merger agreement, which is not complete and is qualified in its entirety by reference to the merger agreement, a copy of which is attached as an exhibit and is incorporated into this document by reference. You should read the merger agreement in its entirety for the terms governing the merger.

The Merger

Each of Central's board of directors and Independent's board of directors has unanimously adopted the merger agreement, which provides for the merger of Central with and into Independent. Each share of Independent common stock outstanding at the effective time of the merger will remain issued and outstanding as one share of common stock of Independent. Each share of common stock issued and outstanding at the effective time of the merger will be converted into the right to receive \$32.00 or shares of common stock of Independent, par value \$0.01 per share, based on the exchange ratio set forth in the merger agreement, as described below. See "Consideration To Be Received in the Merger" below.

Effective Time and Completion of the Merger

The merger will be completed and will become effective upon the acceptance for filing by the Secretary of State of Massachusetts of the articles of merger related to the merger. However, the parties may agree to a later effective time and specify that later time in the articles of merger in accordance with Massachusetts law.

We currently expect that the merger will be completed in the fourth quarter of 2012, subject to Central's board of directors' approval of the merger agreement and the transactions contemplated thereby, the receipt of all necessary regulatory approvals and the expiration of any waiting periods. However, completion of the merger could be delayed if there is a delay in obtaining the necessary regulatory approvals or in satisfying any other conditions to the merger. There can be no assurances as to whether the merger will obtain the required approvals or complete the merger.

Board of Directors of Independent

Effective as of and contingent upon the occurrence of the effective time of the merger, Independent will appoint one director of Central, to become a director of Independent.

Consideration to Be Received in the Merger

In the merger, each outstanding share of Central common stock will be converted into the right to receive a certain number of shares of Independent common stock as determined by an exchange ratio that will float line up to a 12% set range to adjust for fluctuations in the price of Independent common stock. The final exchange ratio will be determined by a 12% range (*i.e.*, 6% upward or downward) of a \$28.66 base price for Independent common stock (with a conversion factor of 1.1165) by dividing \$32.00 by the volume weighted average price of Independent common stock for the applicable period with the last regulatory approval of the transaction and the expiration of any waiting periods related to the transaction. For illustration using the extremes of the possible 12% range as examples: if the volume weighted average price of Independent common stock during the applicable period is \$26.94 (*i.e.*, 6% below \$28.66) or less, the exchange ratio will increase to 1.1818; if the volume weighted average price of Independent common stock during the applicable period is \$30.38 (*i.e.*, 6% above \$28.66), the exchange ratio will decrease to 1.0533. Independent will not issue any fractional shares of its common stock in the merger. The exchange ratio will be determined on the basis of the volume weighted average closing price of Independent common stock on the New York Stock Exchange Market for the five (5) trading days ending on the fifth (5th) trading day immediately preceding the closing of the merger. For each fractional share a Central shareholder would otherwise receive after aggregating all of his or her shares,

Table of Contents

Central's shareholders will be able to elect to receive cash, Independent common stock or a combination of cash and Independent common stock for their shares of Central common stock. Regardless of a Central shareholder's choice, however, there is a requirement that 60% of Central common stock be converted into Independent common stock and 40% of the allocation of cash and Independent common stock that a Central shareholder will receive will depend on the election of the shareholders. The allocation of the consideration payable to Central shareholders will not be known until the results of the cash/stock elections made by Central's shareholders. If a Central shareholder does not make an election, the consideration such shareholder will receive will depend on the consideration elected by other Central shareholders.

Exchange of Central Stock Certificates for Independent Stock Certificates

On or before the closing date of the merger, Independent will cause to be delivered to the exchange agent a check representing the amount of cash, if any, they are entitled to receive under the merger agreement in lieu of fractional shares of Independent common stock to be issued in the merger. In addition, Independent will deliver to the exchange agent a check representing the amount of cash sufficient to pay in lieu of fractional shares of Independent common stock. Independent has selected the exchange agent in connection with the merger.

If the merger is approved, Central's shareholders will receive separate instructions for the exchange of their Central stock certificates for Independent common stock. No later than five business days following the effective time of the merger, the exchange agent will deliver to each Central shareholder of record at the effective time of the merger who did not previously surrender Central stock certificates, instructions for use in surrendering the shareholder's Central stock certificates. When such Central shareholder surrenders their Central stock certificates to the exchange agent along with a properly completed and duly executed letter of transmittal and other required documents, their Central stock certificates will be cancelled and in exchange they will receive:

a check representing the amount of cash, if any, they are entitled to receive under the merger agreement in lieu of fractional shares of Independent common stock to be issued in the merger; and

an Independent stock certificate representing the number of whole shares of Independent common stock that they are entitled to receive under the merger agreement; and

a check representing the amount of cash that they are entitled to receive in lieu of fractional shares of Independent common stock to be issued in the merger. No interest will be paid or accrued on any cash constituting merger consideration.

Central's shareholders are not entitled to receive any dividends or other distributions on Independent common stock until the closing date of the merger until they have surrendered their Central stock certificates in exchange for Independent common stock. After the surrender of their Central stock certificates, Central shareholders of record will be entitled to receive a distribution, without interest, which had become payable with respect to their Independent common stock.

Independent will only issue a stock certificate for Independent common stock or a check for cash in payment of a fractional share in a name other than the name in which a surrendered Central stock certificate was issued if the shareholder presented with all documents required to show and effect the unrecorded transfer of ownership, together with proof that the applicable stock transfer taxes have been paid.

Stock Options and Restricted Stock

Stock Options

All outstanding unvested Central stock options will become fully vested immediately prior to the effective time of the merger. All unvested Central stock options will be cancelled upon consummation of the merger, and each option holder

Table of Contents

will receive a cash payment upon such cancellation in an amount equal to the product of (i) the number of shares provided for by such option and (ii) the excess, if any, of (a) \$32.00 over (b) the exercise price of the option.

The cash payment will be made without interest and will be net of all applicable withholding taxes. As of April 30, 2012, there were 73,589 outstanding options to purchase 73,589 shares of Central common stock.

Restricted Stock

All outstanding unvested shares of Central restricted stock will become fully vested immediately prior to the closing of the merger. All of such shares will be treated as outstanding Central shares for all purposes under the merger agreement, including the holders' right to receive the merger consideration. As of April 30, 2012, there were 15,929 shares of unvested restricted stock outstanding.

Representations and Warranties

The merger agreement contains customary representations and warranties of Independent and Central. With the exception of certain representations that must be true and correct in all material respects or true in all material respects, no representation or warranty will be deemed untrue or incorrect as a consequence of the existence of any circumstance or event unless that fact, circumstance or event, individually or when taken together with any other fact, circumstance or event, has had or is reasonably likely to have a material adverse effect on the company making the representation or warranty to complete the merger and the bank merger. In determining whether a material adverse effect has occurred, the parties will disregard any effects resulting from (1) changes in banking and similar laws of general applicability, (2) changes in generally accepted accounting principles or regulatory accounting requirements applicable to banks or companies generally, (3) any modifications or changes to Central's valuation policies and practices in connection with restructuring charges taken in connection with the merger, in each case in accordance with generally accepted accounting principles with Independent's prior written consent, (4) changes after the date of the merger agreement in general economic conditions affecting financial institutions or their market prices generally and not disproportionately affecting Independent, including, but not limited to, changes in levels of interest rates generally, (5) the effects of compliance with applicable laws on the operating performance of Central or Independent, including the expenses incurred by Central or Independent in effecting and consummating the merger, (6) the effects of any action or omission taken by Central with respect to the merger and vice versa, or as otherwise expressly permitted or contemplated by the merger agreement, (7) the impact of the transactions contemplated by the merger agreement on relationships with customers or employees of Central or Independent subsequent to the date of the merger agreement, and (8) the public disclosure of the merger agreement or the merger agreement.

The representations and warranties of each of Independent and Central have been made solely for the benefit of the other party. The representations and warranties should not be relied on by any other person. In addition, such representations and warranties

have been qualified by information set forth in confidential disclosure schedules exchanged between the parties in connection with signing the merger agreement which modifies, qualifies and creates exceptions to the representations and warranties in the merger agreement;

will not survive consummation of the merger and cannot be the basis for any claims under the merger agreement by either party after termination of the merger agreement;

may be intended not as statements of fact, but rather as a way of allocating the risk to one of the parties in the event that if those statements turn out to be inaccurate;

Table of Contents

are subject to the materiality standard described in the merger agreement which may differ by you; and

were made only as of the date of the merger agreement or such other date as is specified in Each of Independent and Central has made representations and warranties to the other regarding, among

capital stock;

corporate matters, including due organization and qualification;

their authority to execute and deliver the merger agreement and the absence of conflicts with documents or other obligations as a result of the merger;

the filing of securities and regulatory reports, and the absence of investigations by regulatory

governmental filings and regulatory approvals and consents necessary to complete the merger;

absence of certain changes or events;

compliance with applicable laws;

regulatory capitalization;

loan, non-performing and classified assets;

trust business and fiduciary accounts;

the Community Reinvestment Act and anti-money laundering requirements;

accuracy of this proxy statement/prospectus;

legal proceedings;

broker's fees payable in connection with the merger;

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employee benefit matters;

labor matters;

environmental matters;

tax matters, including tax treatment of the merger; and

the accuracy of information supplied for inclusion in this document and other similar documents.
In addition, Central has made other representations and warranties about itself and its subsidiaries to I

organization and ownership of subsidiaries;

matters relating to certain material contracts;

investment securities;

derivative transactions;

investment management;

repurchase agreements;

deposit insurance;

transactions with affiliates and insiders;

tangible properties and assets;

intellectual property;

57

Table of Contents

insurance;

the inapplicability of state anti-takeover laws;

the receipt of a fairness opinion; and

transaction costs.

Conduct of Business Pending the Merger

Central has undertaken customary covenants that place restrictions on it and its subsidiaries until the effective date of the merger agreement. In general, Central has agreed that during this period it will, and will cause each of its subsidiaries to: (1) conduct its business in the ordinary course consistent with past practice; and (2) use commercially reasonable efforts to maintain and preserve its existing and advantageous business relationships, including retaining the services of key officers and key employees and other parties. Central further has agreed that, with certain exceptions, Central will not, and will not cause any of its subsidiaries to, among other things, undertake the following actions without the prior written consent of Independent Members:

issue, or enter into an agreement to issue, shares of common stock except pursuant to the exercise of pre-emptive rights on shares outstanding as of the date of the merger agreement, accelerate the vesting of any rights to acquire shares of Central stock, change the number of, or provide for the exchange of, shares of Central stock, any securities convertible into or exercisable for any additional shares of stock, any rights issued and outstanding prior to the effective date of the merger agreement, stock split, stock dividend, recapitalization, reclassification, or similar transaction with respect to any such securities;

declare, set aside or pay any dividends or other distributions on any shares of its capital stock or on any shares of any of the wholly owned subsidiaries of Central to Central or to any of its wholly owned subsidiaries, except for cash dividends at a rate not to exceed \$0.05 per share;

enter into or amend or renew any employment, consulting, severance or similar agreements with any officer, director, employee of Central or any of its subsidiaries, or grant any salary or wage increase or bonus to any officer, director, employee of Central or any of its subsidiaries, or pay any incentive or bonus payments, subject to certain exceptions primarily intended to preserve the ordinary course of business and the payment of bonuses in the ordinary course of business;

hire any person except for at-will employees at an annual rate of salary not to exceed \$50,000 per annum, or promote any employee, except to succeed to the position of any officer, director, employee of Central or any of its subsidiaries, as of the date of the merger agreement;

with certain exceptions, enter into, establish, adopt, amend, modify or terminate any benefit plan, including any pension, retirement, stock option, stock purchase, savings, profit sharing, deferred compensation, or other employee benefit, incentive or welfare contract, plan or arrangement, or any insurance or other employee benefit, in respect of any current or former director, officer or employee;

except pursuant to agreements in effect as of the date of the merger agreement, pay, loan or advance any money to, or transfer or lease any properties or assets to, or enter into any agreement with, any of its officers or directors or any of their immediate family members or any affiliates or associates of any of its officers or directors;

expense reimbursement in the ordinary course of business consistent with past practice;

sell, transfer, mortgage, pledge, encumber or otherwise dispose or discontinue any of its assets, other than real estate owned, or cancel or release any indebtedness owed to Central or any of its

Table of Contents

acquire, other than by way of foreclosures or acquisitions of control in a bona fide fiduciary capacity, any real estate, personal property or intangible assets, or any business, previously contracted in good faith, all or any portion of the assets, business, deposits or property of any Central Bank or any of its subsidiaries;

with certain exceptions, make any capital expenditures other than in the ordinary course of business, in amounts not exceeding \$50,000 in the aggregate unless consented to in writing by Independent;

amend its articles of organization or bylaws or any equivalent documents of any Central Bank or any of its subsidiaries;

implement or adopt any change in its accounting principles, practices or methods, other than as required by applicable laws or regulations or generally accepted accounting principles in the United States;

with certain exceptions, enter into, amend, modify or terminate any material contract, lease or agreement;

enter into any settlement or similar agreement with respect to any action, suit, proceeding, arbitration or litigation, in which Central or any of its subsidiaries becomes party after the date of the merger agreement, which involves payment of an amount exceeding \$25,000 individually or \$50,000 in the aggregate, or which imposes a material restriction on the business of Central or its subsidiaries;

enter into any new material line of business or materially change its lending, investment, underwriting, management and other banking and operative policies, except as required by applicable laws, regulations or any governmental authority, or file any application or make any contract or commitment with respect to any location or relocation;

enter into any derivatives transactions;

incur, modify, extend or renegotiate any indebtedness or in any way assume the indebtedness of any Central Bank or any of its subsidiaries, including FHLB borrowings or federal funds purchased, in each case in the ordinary course of business, or otherwise as an accommodation become responsible for the obligations of any other person;

with certain exceptions, acquire, sell or otherwise dispose of any debt security or equity investment, in writing by Independent (which consent will not be unreasonably delayed or withheld);

make any changes in deposit pricing unless consented to in writing by Independent (which consent will not be unreasonably delayed or withheld);

with respect to loans:

except for commercial loans approved and/or committed as of the date of the merger agreement, renew any commercial loan, commercial loan commitment, commercial letter of credit, or other extension of commercial credit, unless any such commercial loan, commercial loan commitment, commercial letter of credit, or other extension of commercial credit has been credit approved by Central Bank in writing;

pricing and credit underwriting guidelines of Rockland Trust or, if more than \$1,000,000, is consented to in writing by Independent (which consent will not be unreasonably delayed or withheld).

except for residential loans approved and/or committed as of the date of the merger or acquisition, no residential loan or residential loan commitment, unless any such residential loan or residential loan commitment has a loan-to-value ratio that is compliance with Central Bank's current policies and procedures for residential loans at an interest rate that is no less than the Freddie Mac Primary Mortgage Market Rate and is priced for jumbo residential loans at an interest rate that is no less than the Freddie Mac Primary Mortgage Survey rate plus 0.50% or, if more than \$1,000,000, is consented to in writing by Independent (which consent will not be unreasonably delayed or withheld).

Table of Contents

except for home equity or consumer loans approved and/or committed as of the date of the merger, make or renew any home equity loan or home equity loan commitment in excess of \$10,000, unless the ordinary course of business and consistent with Central Bank's current policies and past practice, unless consented to in writing by Independent (which consent will not be unreasonably withheld);

renegotiate, increase, extend or modify any loan, loan commitment, letter of credit or other financial instrument, unless consented to in writing by Independent (which consent will not be unreasonably withheld);

make any investment or commitment to invest in real estate or in any real estate development project, or any foreclosure or deed in lieu thereof;

make or change any material tax election, file any material amended tax return, enter into any material agreement, settle or compromise any material liability with respect to taxes, agree to any material tax attribute, file any claim for a material refund of taxes, or consent to any extension or waiver of any material tax applicable to any material tax claim or assessment;

knowingly take any action that would prevent or impede the merger or the bank merger from being completed or reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

commit any act or omission which constitutes a material breach or default of an agreement or any other material agreement, lease or license;

foreclose on or take a deed or title to any real estate other than single-family residential properties, or conduct a Phase I environmental assessment of the property or foreclose on or take a deed or title to any real estate other than residential properties if such environmental assessment indicates the presence of hazardous or radioactive materials;

except as may be required by applicable law or regulation, take or fail to take, or adopt any action in support of, any action which would result in (1) any of Central Bank's representations and warranties becoming untrue in any material respect, (2) any of the conditions to the merger not being satisfied, or any provision of the merger agreement;

repurchase, redeem or otherwise acquire any shares of its capital stock or any securities convertible into shares of its capital stock;

enter into any contract with respect to, or otherwise agree to do any of the actions prohibited by the merger agreement;

with certain exceptions or except as may be required by applicable law or regulation, make any relocation or closing of any, or open, relocate, or close any, branch office, loan production office, or banking facility; or

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compromise, resolve, or otherwise workout any delinquent or troubled loan unless done consistent with recent past practice and approved by Central Bank's workout committee. Independent has agreed that, except with Central's prior written consent, Independent will not, among actions:

except as may be required by applicable law or regulation, take any action or fail to take an action likely to result in: a delay in the consummation of the merger or the transactions contemplated by the merger agreement; an impediment to its ability to consummate the merger or the transactions contemplated by the merger agreement; any of the representations and warranties contained in the merger agreement becoming untrue in any material respect at any time; any of the conditions contained in the merger agreement not being satisfied; or any other provision of the merger agreement; or

Table of Contents

enter into any contract with respect to, or otherwise agree to do any of the actions prohibited by the merger agreement. The merger agreement also contains mutual covenants relating to preparation of this document, access to confidential information, public announcements with respect to the transactions contemplated by the merger agreement, regulation of certain changes, information systems conversion, coordination of dividends and agreements by Central with its customers and suppliers and to conduct environmental assessments of certain real property owned by Central.

Shareholder Approval

Central has called the special meeting to consider and vote upon approval of the merger agreement and the transactions contemplated thereunder by Central's shareholders in order to permit consummation of the transactions contemplated by the merger agreement. Central has agreed to use commercially reasonable efforts to convene the meeting within 45 days following the time the merger agreement becomes effective. Central has agreed to take all lawful action to solicit shareholder approval of the merger agreement. In certain circumstances Central's board of directors may recommend to Central's shareholders a Superior Proposal. Central's board of directors may exercise of its fiduciary duties, as described below under "No Solicitation of Alternative Transactions."

Under the merger agreement, Central's board of directors must, at all times prior to and during the term of the merger agreement by Central's shareholders and may not withhold, withdraw, amend or modify its approval of the merger agreement adverse to Independent or take any other action or make any other public statement inconsistent with its approval of the merger agreement to the extent described below under "No Solicitation of Alternative Transactions."

No Solicitation of Alternative Transactions

With certain exceptions described below, Central has agreed that it, its subsidiaries and their officers and directors shall use its reasonable best efforts to cause each of its and its subsidiaries' representatives not to, directly or indirectly,

solicit, initiate or encourage any inquiry with respect to, or the making of, any proposal that is reasonably expected to lead to an Acquisition Proposal (as defined below);

participate in any negotiations regarding an Acquisition Proposal with, or furnish any nonpublic information regarding an Acquisition Proposal to, any party that has made or, to the knowledge of Central, is considering making an Acquisition Proposal; or

engage in discussions regarding an Acquisition Proposal with any party that has made, or, to the knowledge of Central, is considering making, an Acquisition Proposal.

However, prior to the time that Central's shareholders approve the merger agreement and the transactions contemplated thereunder, Central shall not be deemed to have violated this section if Central receives a written and unsolicited Acquisition Proposal that Central's board of directors determines in good faith (after consulting with its legal advisers and outside counsel) is or could reasonably be expected to lead to a Superior Proposal (as defined below) and Central takes the following actions:

furnish nonpublic information to the party making such Superior Proposal, but only if (1) Central has entered into a customary confidentiality agreement with such party on terms no less favorable than the confidentiality agreement between Central and Independent, and (2) all such information has been disclosed to Independent or is provided to Independent prior to or contemporaneously with the time it is provided to the party making the Superior Proposal; and

engage or participate in any discussions or negotiations with such party with respect to the

Table of Contents

Central must promptly advise Independent of the receipt of:

any proposal that constitutes or could reasonably be expected to lead to an Acquisition Proposal; and

any request for non-public information relating to Central or any of its subsidiaries other than information not reasonably expected to be related to an Acquisition Proposal.

Thereafter, Central must keep Independent reasonably informed on a reasonably current basis of the status of the Acquisition Proposal (including any material change to the terms thereof).

Except as described below, Central's board of directors may not:

withhold, withdraw or modify (or publicly propose to withhold, withdraw or modify), in a recommendation that Central's shareholders approve the merger agreement and the transactions contemplated thereby;

approve or recommend (or publicly propose to approve or recommend) any Acquisition Proposal. Except as set forth below, Central may not, and its board of directors may not allow it to, and Central may not enter into any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement or any other agreement (except for customary confidentiality agreements as described above) relating to any Acquisition Proposal.

Notwithstanding the previous paragraph, Central's board of directors may, prior to the time Central enters into the merger agreement and the transactions contemplated thereby, (1) change its recommendation that Central's shareholders approve the merger agreement and the transactions contemplated thereby or (2) terminate the merger agreement (and consequently prevent Central from entering into an acquisition agreement with respect to the Superior Proposal), in either case if a majority of the board of directors, determined in good faith, after consulting with its outside counsel, that the failure to take such action would be in the best interests of Central and its shareholders and would not constitute a breach of the board of directors' fiduciary duties. However, the board of directors may not take any such action in connection with the Acquisition Proposal if the board of directors determines that such action would be in the best interests of Central and its shareholders and would not constitute a breach of the board of directors' fiduciary duties.

the Acquisition Proposal constitutes a Superior Proposal;

prior to terminating the merger agreement, Central provides written notice to Independent of its intention to take such action (which notice must specify all material terms and conditions of the Superior Proposal, including documentation related thereto and the identity of the party making the Superior Proposal);

during the four-day notice period, Central negotiates with Independent in good faith if Independent requests such adjustments in the terms and conditions of this merger agreement so that the Acquisition Proposal ceases to constitute a Superior Proposal; and

the Acquisition Proposal continues to constitute a Superior Proposal after taking into account the terms and conditions of the merger agreement.

As used in the merger agreement, the term "Acquisition Proposal" means any proposal or offer with respect to the Acquisition Proposal made to Central:

any merger, consolidation, share exchange, business combination or other similar transaction;

any sale, lease, exchange, mortgage, pledge, transfer or other disposition of assets that constitute 10% or more of the net revenues, net income or assets of Central in a single transaction or series of transactions;

any tender offer or exchange offer for 20% or more of the outstanding shares of Central or any securities of Central registered under the Securities Act, in connection therewith; or

Table of Contents

any public announcement by any party of a proposal, plan or intention to do any of the foregoing or any of the foregoing.

As used in the merger agreement, the term "Superior Proposal" means any bona fide written Acquisition Proposal that represents at least 50% of the combined voting power of the shares of Central common stock then outstanding or all or substantially all of the shares of Central:

that is on terms which Central's board of directors determines in good faith, after consultation with its independent financial advisors, to be more favorable from a financial point of view to Central's shareholders than the transaction contemplated by the merger agreement;

that constitutes a transaction that, in the good faith judgment of Central's board of directors, is more favorable to Central than any other consummated on the terms set forth, taking into account all legal, financial, regulatory and tax consequences of the proposal; and

for which financing, to the extent required, is then committed pursuant to a written commitment.

Employee Benefits Matters

Benefit Plans

The merger agreement provides that following the effective date of the merger, Independent will provide to the employees of Central and its subsidiaries and who continue as employees of Independent or any of its subsidiaries, the benefit plans of general applicability for which Independent has analogous plans with such employee plans being provided by Independent as selected by Independent; provided, however, that all such employees will be entitled to the same level of general applicability then maintained by Independent to the same extent as similarly-situated employees of Independent. Independent will make all commercially reasonable efforts to cause each benefit plan providing medical or dental benefits to be maintained on any preexisting condition limitations relating to any conditions that were covered under the applicable plan. Independent and its subsidiaries, take into account all eligible expenses incurred for purposes of satisfying the deductibility requirements, waiting period limitation or evidence of insurability requirement which would otherwise be applicable to such plan.

Severance Pay Plan

In addition to the settlement agreements referenced elsewhere in this proxy statement/prospectus and in the merger agreement, offered to certain key employees, Independent has agreed to a severance pay plan that provides for severance pay to certain employees not covered by any contractual severance arrangement in connection with certain terminations of employment occurring one year after the effective date of the merger. Under this severance pay plan, eligible employees who are terminated without cause during the one year following the merger would be entitled to receive severance pay in a lump sum payment. The severance payment would be equal to two weeks' salary per year of service up to a maximum of twenty-six (26) weeks' salary.

Employee Stock Ownership Plan

The merger agreement provides for the termination of the tax-qualified employee stock ownership plan (ESOP) of Central immediately to, and effective upon, the consummation of the merger. All shares held by the ESOP will be sold to Independent in merger consideration. All accounts under ESOP will vest in full upon the termination of the ESOP. Any cash on hand of the ESOP upon termination will first be used to satisfy the outstanding loan that was incurred by the ESOP to purchase Central common stock, as well as any administrative costs of the ESOP. Remaining surplus assets, if any, will be distributed to the ESOP participants in proportion to their account balances at the time of the ESOP's termination. Upon receipt of a determination letter from the Internal Revenue Service related to the ESOP's termination, the amount of cash on hand will be distributed to the account holders.

Table of Contents

Additional Covenants

Each of Independent and Central agreed to cooperate and use their respective commercially reasonable efforts to obtain the necessary approvals from third parties and governmental authorities necessary to redeem Central's preferred stock issued to the Small Business Lending Fund program. Additionally, Independent agreed to assume the performance obligations and other obligations under the agreements related to Central's issuance of trust preferred securities.

Conditions to Complete the Merger

Our respective obligations to complete the merger are subject to the fulfillment or waiver of mutual conditions, including:

receipt of approval of Central's shareholders;

the effectiveness of the registration statement of which this document is a part, with respect to the securities to be issued in the merger under the Securities Act, and the absence of any stop order or proceeding by the Securities and Exchange Commission for that purpose;

the receipt by each party of a legal opinion from its counsel with respect to certain U.S. federal tax consequences of the merger;

the receipt and effectiveness of all regulatory approvals, registrations and consents, (none of which is a condition or restriction that independent reasonably determines to be a burdensome condition) and the periods required to complete the merger; and

the absence of any statute, regulation, rule, decree, injunction or other order in effect by any governmental authority that prohibits completion of the transactions contemplated by the merger agreement.

Each of Central's and Independent's obligations to complete the merger is also separately subject to the fulfillment of the conditions, including the performance by the other party in all material respects of its obligations under the merger agreement, each party's representations and warranties in the merger agreement being true and correct in all material respects, and no representation or warranty will be deemed not to be true and correct unless the failure of such representation or warranty, taken together with all other failures, would have a material adverse effect on the party).

Independent's obligation to complete the merger is further subject to the conditions that the number of shares of common stock shall not exceed 1,690,951, except to the extent increased as a result of the exercise of shares of common stock under the merger agreement, and to the receipt of a non-competition and non-solicitation agreement from Independent and a non-competition and non-solicitation agreement from William P. Morrissey.

We cannot provide assurance as to when or if all of the conditions to the merger can or will be satisfied. As of the date of this document, we have no reason to believe that any of these conditions will not be satisfied.

Termination of the Merger Agreement

General

The merger agreement may be terminated at any time prior to the completion of the merger by our mutual boards of directors, as determined by a vote of a majority of its respective members, or by either Independent or Central.

a governmental entity which must grant a regulatory approval as a condition to the merger
governmental entity has issued an order prohibiting the merger and such action has become

Table of Contents

the requisite shareholder approval is not obtained from Central's shareholders;

the merger is not completed by March 31, 2013 (other than because of a material breach of the merger agreement by the party seeking termination); or

the other party breaches the merger agreement in a way that would entitle the party seeking to consummate the merger, subject to the right of the breaching party to cure the breach by the breaching party to cure the breach.

The merger agreement may also be terminated by Independent if Central has materially breached its obligations under the merger agreement, or if the Central board has failed to recommend in this proxy statement the approval of the merger agreement, or has proposed to withdraw, modify or qualify, in any manner adverse to Independent, its recommendation of the merger agreement; the Central board has recommended, proposed or publicly announced its intention to enter into an Acquisition Transaction (as defined below under "Termination Fee and Expense Reimbursement") with Independent or a subsidiary or affiliate of Independent; or the Central board has failed to call the special meeting of Independent to consider the merger agreement.

Additionally, Central may terminate the merger agreement if:

it enters into a Superior Proposal as described under "The Merger Agreement - No Solicitation of Superior Proposals" as it pays a termination fee of \$2.2 million to Independent; or

pursuant to a "walk away" right that is subject to a "top up" option, if (a) the twenty day volume-weighted average price of Independent's common stock as of a measurement date prior to closing is 20% below both the twenty day volume-weighted average price of Independent's common stock as of April 30, 2012 and (ii) the twenty day volume-weighted average price of Independent's common stock as of the Nasdaq Bank Stock Index, (b) Central elects to terminate the agreement by a majority vote of the board of directors, and (c) following notice of such election Independent does not exercise its "top up" option under the merger agreement to adjust the exchange ratio to a number that would compensate Central's shareholders for the extent of the decline in the price of Independent's common stock price below the prices specified in (a)(i) and (ii) above. If Independent does exercise its "top up" option, the "top up" will occur.

Effect of Termination

In the event the merger agreement is terminated as described above, the merger agreement will become null and void, and Central will have any liability under the merger agreement, except that:

both Independent and Central will remain liable for any willful breach of the merger agreement.

the designated provisions of the merger agreement, including those relating to the termination of the merger agreement, the non-survival of the representations and warranties, and confidential treatment of information.

Termination Fee and Expense Reimbursement

Conditions Requiring Payment of Termination Fee

Central has agreed to pay a termination fee in the amount of \$2.2 million to Independent in the following circumstances:

if Central terminates the merger agreement because Central's board of directors has approved a Superior Proposal (as defined above under "No Solicitation of Business")

any merger, consolidation, share exchange, business combination or other similar transaction

any sale, lease, exchange, mortgage, pledge, transfer or other disposition of assets that constitute
of the net revenues, net income or assets of Central in a single transaction or series of transactions

any tender offer or exchange offer for 20% or more of the outstanding shares of Central as of the date of the
registration statement under the Securities Act, in connection therewith.

Conditions Requiring Expense Reimbursement

If the merger agreement is terminated by Independent because:

Central willfully breaches the merger agreement in a way that would entitle Independent to terminate the
merger, subject to the right of Central to cure the breach;

Table of Contents

shareholder approval is not obtained by Central's shareholders; or

the merger is not completed on or before March 31, 2013;
and prior to such termination,

an Acquisition Proposal, whether or not conditional, has been publicly announced (or any public intention, whether or not conditional, to make an Acquisition Proposal); or

Central's board of directors has withheld, withdrawn or modified (or publicly proposed to recommend for the merger, prior to or on the date of the special meeting or at any adjourned meeting) the recommendation which the vote on the merger agreement is held
but the \$2.2 million termination fee has not been paid and is not payable because Central has not entered into, or consummated any Acquisition Transaction, then Central must pay as promptly as possible (within 10 business days) following receipt of an invoice therefor, up to \$750,000 of Independent's reasonably documented expenses (including reasonable legal fees and expenses) actually incurred by Independent prior to the termination of the merger agreement, approximately in connection with the negotiation, execution, delivery and performance of the merger agreement.

Amendment of the Merger Agreement

We may amend the merger agreement at any time prior to completion of the merger. However, after approval by the shareholders, there may not be, without further approval of the shareholders, any amendment of the merger agreement without further approval by shareholders under applicable law.

Fees and Expenses

Except as described above under Termination Fee and Expense Reimbursement, each party will be responsible for its own expenses in connection with the merger agreement and the transactions contemplated thereby, including fees and expenses of legal, accounting, consultants, accountants and counsel.

Restrictions on Resales by Affiliates

Shares of Independent common stock to be issued to Central shareholders in the merger have been registered under the Securities Act and may be traded freely and without restriction by those shareholders not deemed to be affiliates (as that term is defined in the Securities Act) of Independent after the merger. Any subsequent transfer of shares, however, by any Central shareholder or affiliate of Independent after the merger will, under existing law, require either:

the further registration under the Securities Act of the Independent common stock to be transferred;

or the availability of another exemption from registration.

An affiliate of Independent is a person who directly, or indirectly through one or more intermediaries, is under common control with, Independent. These restrictions are expected to apply to the directors and executive officers and holders of 10% or more of the outstanding Independent common stock. The same restrictions apply to those persons and any trusts, estates, corporations or other entities in which those persons have a 10% or more interest.

Independent will give stop transfer instructions to the exchange agent with respect to the shares of Independent common stock received by persons subject to these restrictions.

Table of Contents

VOTING AGREEMENTS

Concurrently with the execution of the merger agreement, the directors of Central separately entered into Independent under which they agreed to:

restrict their ability to transfer or dispose of their shares of Central common stock;

appear at the special meeting or otherwise cause their shares of Central common stock to be present for purposes of calculating a quorum;

vote their shares of Central common stock in favor of approval of the merger agreement and the transactions contemplated thereby;

vote their shares of Central common stock against any action or agreement that would result in a breach of any covenant, representation or warranty, or other obligation or agreement, of Central contained in the merger agreement;

vote their shares of Central common stock against any proposal to acquire Central by any person or entity, or against any action, agreement or transaction intended to, or could reasonably be expected to, result in an action inconsistent with, delay, postpone, discourage or materially and adversely affect the consummation of the transactions contemplated by the merger agreement; and

not to vote or execute any written consent to rescind or amend in any manner any prior vote or action of Central, to approve the merger agreement unless the merger agreement is terminated in accordance with its terms.

The voting agreements were executed as a condition of Independent's willingness to enter into the merger agreement. The directors' support for the merger agreement and the transactions contemplated by it and their willingness to vote their shares of Central common stock in favor of the merger agreement at the special meeting.

On April 30, 2012, the date upon which these agreements were executed, these directors of Central had 408,129 shares, or approximately 23.8%, of the outstanding shares of Central common stock.

No separate consideration was paid to any of the directors for entering into these voting agreements. He should not be deemed to have interests in the merger as directors that are different from or in addition to those of the directors. Merger Interests of Central's Executive Officers and Directors in the Merger beginning on page 50.

Table of Contents

ACCOUNTING TREATMENT

Independent will use the acquisition method of accounting for the merger, in accordance with the provisions of Topic 805 of the Financial Accounting Standards Board Accounting Standard Codification. As of the date of the merger, all assets and liabilities will be recorded at their respective estimated fair values. To the extent that the purchase price exceeds the fair value of the net assets acquired, Independent will allocate the excess purchase price to all identifiable intangible assets. Any remaining amount will then be allocated to goodwill. The goodwill resulting from the merger will not be amortized to expense but will be tested for impairment at least annually. To the extent goodwill is impaired, its carrying value would be written down and a charge would be made to earnings. Core deposit and other intangibles with definite useful lives will be amortized over their estimated useful lives.

The financial statements of Independent issued after the merger will reflect the results attributable to Independent beginning on the date the merger is completed.

Table of Contents

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE

The following section describes the anticipated material U.S. federal income tax consequences of the (below) of Central common stock. This discussion addresses only those holders that hold their Central within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the Internal all the U.S. federal income tax consequences that may be relevant to particular holders in light of their holders that are subject to special rules, such as:

financial institutions;

insurance companies;

individual retirement and other tax-deferred accounts;

persons subject to the alternative minimum tax provisions of the Internal Revenue Code;

persons eligible for tax treaty benefits;

entities treated as partnerships or other flow-through entities for U.S. federal income tax purposes;

foreign corporations, foreign partnerships and other foreign entities;

tax-exempt organizations;

dealers in securities;

persons whose functional currency is not the U.S. dollar;

traders in securities that elect to use a mark to market method of accounting;

persons who are not citizens or residents of the United States;

persons that hold Central common stock as part of a straddle, hedge, constructive sale or other

U.S. holders who acquired their shares of Central common stock through the exercise of an option or otherwise as compensation.

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The following is based upon the Internal Revenue Code, its legislative history, Treasury regulations promulgated under the Internal Revenue Code and published rulings and decisions, all as currently in effect as of the date of this document, and subject to change, possibly with retroactive effect, and to differing interpretations. Tax considerations under state and local tax laws other than those pertaining to U.S. federal income tax, are not addressed in this document.

Holders of Central common stock should consult with their own tax advisers as to the U.S. federal income tax consequences, as well as the effect of state, local, foreign and other tax laws and of proposed changes to applicable tax laws, in all circumstances.

For purposes of this discussion, the term "U.S. holder" means a beneficial owner of Central common stock who is:

a U.S. citizen or resident, as determined for federal income tax purposes;

a corporation, or entity taxable as a corporation, created or organized in or under the laws of the United States;

otherwise subject to U.S. federal income tax on a net income basis.

The U.S. federal income tax consequences of a partner in a partnership holding Central common stock will depend on the partner and the activities of the partnership. We recommend that partners in such a partnership consult with their own tax advisers.

Table of Contents

Tax Consequences of the Merger Generally

Independent and Central have structured the merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. It is a condition to Independent's obligation to complete the merger that Independent's counsel, Choate Hall & Stewart LLP, dated the closing date of the merger, substantially to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. It is a condition to the merger that Central receive an opinion of its counsel, Kilpatrick Townsend & Stockton LLP, dated the closing date of the merger, substantially to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. In rendering these opinions, counsel may require and rely upon representations contained in letters from Independent and Central. None of the tax opinions given in connection with the merger or the opinion is binding on the Internal Revenue Service. Neither Independent nor Central intends to request any ruling from the U.S. federal income tax consequences of the merger. Consequently, no assurance can be given that the U.S. federal income tax consequences of the merger will not assert, or that a court would not sustain, a position contrary to any of those set forth below. In the event that any fact or assumption upon which those opinions are based is inconsistent with the actual facts, the U.S. federal income tax consequences of the merger could be adversely affected.

As a result of the merger qualifying as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, the material U.S. federal income tax consequences will result:

Exchange Solely for Independent Common Stock. No gain or loss will be recognized by a Central shareholder who receives shares of Independent common stock (except for cash received in lieu of fractional shares, as discussed below) in exchange for shares of Central common stock. The tax basis of the shares of Independent common stock received by a Central shareholder in exchange will be equal (except for the basis attributable to any fractional shares of Independent common stock) to the tax basis of the Central common stock surrendered in exchange for the Independent common stock. The holding period of the Independent common stock received will include the holding period of shares of Central common stock surrendered in exchange for the Independent common stock, provided that such shares were held as capital assets of the Central shareholder at the effective time of the merger.

Exchange Solely for Cash. A Central shareholder who receives solely cash in exchange for all of his or her shares of Central common stock (and is not treated as constructively owning Independent common stock after the merger under the circumstances described below) will recognize gain or loss for federal income tax purposes equal to the difference between the cash received and such shareholder's tax basis in the Central common stock surrendered in exchange for the cash. Such gain or loss, provided that such shares were held as capital assets of the Central shareholder at the effective time of the merger, will be long-term capital gain or loss if the Central shareholder's holding period is more than one year.

The Internal Revenue Code contains limitations on the extent to which a taxpayer may deduct capital losses. A Central shareholder who receives solely cash in exchange for all of his or her shares of Central common stock (and is not treated as constructively owning Independent common stock after the merger under the circumstances described below) will recognize gain or loss for federal income tax purposes equal to the difference between the cash received and such shareholder's tax basis in the Central common stock surrendered in exchange for the cash. Such gain or loss, provided that such shares were held as capital assets of the Central shareholder at the effective time of the merger, will be long-term capital gain or loss if the Central shareholder's holding period is more than one year.

Exchange for Independent Common Stock and Cash. A Central shareholder who receives a combination of cash and shares of Independent common stock in exchange for his or her Central common stock will not be permitted to recognize any loss. A Central shareholder will recognize gain, if any, equal to the lesser of (1) the amount of cash received or (2) the amount of gain realized in the transaction. The amount of gain a Central shareholder realizes will equal the amount by which (a) the amount of cash received exceeds the shareholder's tax basis in the Central common stock surrendered in the exchange for the cash and Independent common stock. Any recognized gain could be offset by a dividend, as described below. The tax basis of the shares of Independent common stock received by a Central shareholder will be the same as the basis of the shares of Central common stock surrendered in exchange for the shares of Independent common stock and cash, provided in Section 358(a) of the Internal Revenue Code for the gain recognized and/or cash received.

Table of Contents

exchange for such shares of Central common stock. The holding period for shares of Independent common stock received by a Central shareholder will include such shareholder's holding period for the Central common stock surrendered in exchange for such shares of Central common stock, provided that such shares were held as capital assets of the shareholder at the effective time of the merger.

A Central shareholder's federal income tax consequences will also depend on whether his or her shares of Central common stock were purchased at different times at different prices. If they were, the Central shareholder could realize gain or loss on the Central common stock and loss with respect to other shares. Such Central shareholder would have to recognize gain or loss if the shareholder receives cash with respect to those shares in which the shareholder's adjusted tax basis is less than the fair market value at the effective time of the merger of the Independent common stock received, but not to the extent of that value. In those shares in which the Central shareholder's adjusted tax basis is greater than the amount of cash payment received at the effective time of the merger of the Independent common stock received. Any disallowed loss would be recognized on the Independent common stock. Such a Central shareholder is urged to consult his or her own tax advisor regarding the tax consequences of the merger to that shareholder.

Possible Dividend Treatment. In certain circumstances, a Central shareholder who receives solely cash in exchange for Independent common stock in the merger may receive dividend income, rather than capital gain, treatment for the cash payment recognized by that shareholder if the receipt of cash has the effect of the distribution of a dividend. Whether a cash payment has such effect is based on a comparison of the Central shareholder's proportionate interest in the cash payment to the proportionate interest the shareholder would have had if the shareholder had received solely Independent common stock. This could happen because of your purchase (or the purchase by a family member or certain entities described in the prospectus) of stock or a repurchase of shares by Independent. For purposes of this comparison, the Central shareholder's proportionate interest in his or her own shares of Independent common stock held by certain members of the shareholder's family or certain entities is taken into account. If a shareholder has an ownership or beneficial interest and certain stock options may be aggregated with the shareholder's interest in Independent common stock. The amount of the cash payment that may be treated as a dividend is limited to the shareholder's proportionate share of the earnings and profits of Central at the effective time of the merger. Any gain that is not treated as a dividend will be treated as capital gain, provided that the shareholder's shares were held as capital assets at the effective time of the merger. Whether a cash payment will be treated as having the effect of a dividend depends primarily upon the facts and circumstances. Central shareholders, shareholders are urged to consult their own tax advisors regarding the tax treatment of any cash payment.

Cash in Lieu of Fractional Shares. A Central shareholder who holds Central common stock as a capital asset at the effective time of the merger, in exchange for such stock, solely Independent common stock and cash in lieu of a fractional share of Central common stock will be treated as having received such cash in full payment for such fractional share of stock and not as having received such cash notwithstanding the dividend rules discussed above.

Tax Treatment of the Entities. No gain or loss will be recognized by Independent or Central as a result of the merger.

Reporting Requirements

A Central shareholder who receives Independent common stock as a result of the merger will be required to file a tax return for the year of the merger. Certain Central shareholders are subject to certain reporting requirements with respect to the merger. Such shareholders will be required to attach a statement to their tax returns for the year of the merger that contains the information required by Treasury Regulation Section 1.368-3(b). Such statement must include the shareholder's adjusted tax basis in the shares, and other information regarding the reorganization. Central shareholders are urged to consult with their tax advisor regarding the tax and other reporting requirements applicable to the merger.

Table of Contents

Withholding Requirements

Certain Central shareholders may be subject to backup withholding, at a rate of 28%, on cash received. Backup withholding will not apply, however, to a Central shareholder who (1) furnishes a correct taxpayer identification number on IRS Form W-9 or a substantially similar form, and (2) the shareholder is not subject to backup withholding on IRS Form W-9 or a substantially similar form. If a Central shareholder does not provide a correct taxpayer identification number on a substantially similar form, the Central shareholder may be subject to penalties imposed by the Internal Revenue Service. Such penalties are generally not an additional tax and may be refunded or credited against the Central shareholder's U.S. federal income tax liability if the Central shareholder timely furnishes the required information to the Internal Revenue Service.

THE PRECEDING DISCUSSION IS A SUMMARY OF THE MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER AND DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OR DISCUSSION OF ALL U.S. FEDERAL INCOME TAX RELEVANT THERETO. SHAREHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS TO DETERMINE THE U.S. FEDERAL INCOME TAX CONSEQUENCES TO THEM OF THE MERGER (INCLUDING, BUT NOT LIMITED TO, REPORTING REQUIREMENTS), AS WELL AS THE EFFECT OF STATE, LOCAL, FOREIGN AND OTHER APPLICABLE TAX LAWS.

Table of Contents

THE COMPANIES

INDEPENDENT

Independent is a Massachusetts corporation organized in 1985 and is registered with the Federal Reserve Bank of Boston under the Bank Holding Company Act. Independent is the sole shareholder of Rockland Trust, and its primary operating company of Rockland Trust.

Rockland Trust is a Massachusetts-chartered trust company. Rockland Trust was chartered in 1907. Rockland Trust is a member of the Deposit Insurance Fund of the FDIC up to applicable limits. Rockland Trust offers a full range of financial services through 68 full-service bank branches in eastern Massachusetts and its commercial lending centers and investment centers in Massachusetts and Providence, Rhode Island. Rockland Trust provides investment management and trust services to individuals, institutions, small businesses and charitable institutions throughout eastern Massachusetts and Rhode Island.

At March 31, 2012, Independent had total consolidated assets of approximately \$5.0 billion, net loans receivable of approximately \$3.9 billion and total stockholders' equity of approximately \$478.9 million.

At March 31, 2012, Independent had (a) a total risk-based capital ratio of 12.73%, (b) a Tier 1 risk-based capital ratio of 8.77%. Independent is not subject to any written agreement, order, or action directive issued by the Federal Reserve to meet and maintain a specific capital level for any capital institution as defined by federal banking agencies.

You can find more information about Independent in Independent's filings with the Securities and Exchange Commission in this document titled "Where You Can Find More Information" and "Incorporation of Certain Financial Statements" on page 126.

CENTRAL

General

Central. Central was organized by Central Bank on September 30, 1998, to acquire all of the capital stock of Central Bank in a reorganization into the holding company form of ownership, which was completed on January 8, 1999. As a result of the company reorganization, Central's common stock became registered under the Securities Exchange Act of 1933 (the "Securities Act"). Central is a registered bank holding company subject to regulation and examination by the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"). Central has no significant assets or liabilities other than loans receivable, an Employee Stock Ownership Plan ("ESOP") and subordinated debentures as well as common stock of other companies in which it invests in the ordinary course of business. For that reason, substantially all of the disclosures in this statement/prospectus relates to the operations of Central Bank and its subsidiaries.

Central Bank. Central Co-operative Bank was organized as a Massachusetts chartered co-operative bank in 1986. The primary business of Central Bank is to generate funds from deposits and use the funds to make mortgage loans for the purchase, refinancing, and construction of residential properties in its market area. In addition, Central Bank makes a limited amount of consumer loans including personal loans, and commercial and industrial loans. Central Bank sells some of its residential mortgage loan participations in the secondary market. Central Bank also maintains an investment portfolio of various types of debt securities, including mortgage-backed securities, and common and preferred equity securities. Central Bank also offers investment services to its customers through a third party broker-dealer.

Central Bank is headquartered in Somerville, Massachusetts and its operations are conducted through branches located in Somerville, Arlington, Burlington, Chestnut Hill, Malden, Medford,

Table of Contents

Melrose and Woburn, Massachusetts, a limited service high school branch in Woburn, Massachusetts, teller machine (ATM) in Somerville, Massachusetts, as well as over the Internet. Each full-service Central Bank is a member of the Federal Home Loan Bank (FHLB) of Boston and its deposits are insured by the Federal Deposit Insurance Fund of the Federal Deposit Insurance Corporation (FDIC). Due to issues associated with FDIC deposit insurance costs have increased considerably. See Regulation and Supervision of Central Bank for additional information regarding deposit insurance premiums.

All Massachusetts chartered co-operative banks are required to be members of the Share Insurance Fund which maintains a deposit insurance fund which insures all deposits in member banks which are not covered by FDIC. A premium of 1/24 of 1% of insured deposits had been assessed annually on member banks such as Central Bank. However, no premium has been assessed in recent years.

The main offices of Central and Central Bank are located at 399 Highland Avenue, Somerville, Massachusetts. The telephone number is (617) 628-4000. Central Bank also maintains a website at www.centralbk.com. Information contained herein should be considered a part of this proxy statement/prospectus.

The operations of Central Bank are generally influenced by overall economic conditions, the related monetary policy of the federal government and the regulatory policies of financial institution regulatory authorities, including the Federal Reserve Banks (the Commissioner), the Federal Reserve Board and the FDIC.

Market Area

All of Central Bank's offices are located in the northwestern suburbs of Boston, which are its principal market areas. A majority of the properties securing Central Bank's loans are located in Middlesex County, Massachusetts. The market area consists of established suburban areas and includes portions of the Route 128 high-technology corridor.

Competition

Central Bank's competition for savings deposits has historically come from other co-operative banks, credit unions, and loan associations and commercial banks located in Massachusetts generally, and in the Boston metropolitan area. In the advent of interstate banking, Central Bank also faces competition from out-of-state banking organizations. In addition to interest rates, Central Bank has also experienced additional significant competition for deposits from savings banks, other corporate and government securities. Central Bank has faced continuing competition for deposits from other banks, including those operating over the Internet.

Central Bank competes for deposits principally by offering depositors a wide variety of savings programs, including 24-hour automated teller machines, Internet banking, preauthorized payment and withdrawal systems, and other miscellaneous services such as money orders, travelers' checks and safe deposit boxes. Central Bank competes for individual, group or entity for a material portion of its deposits.

Central Bank's competition for real estate loans comes principally from mortgage banking companies, credit unions, savings and loan associations, commercial banks, insurance companies and other institutions. Central Bank competes for loan originations primarily through the interest rates and loan fees it charges and the efficiency and service it offers to borrowers, real estate brokers and builders. The competition for loans encountered by Central Bank, as well as the interest rates at which Central Bank competes, varies from time to time depending upon certain factors, including the general and credit, general and local economic conditions, current interest rate levels, volatility in the mortgage market, and is not readily predictable.

Table of Contents

Changes in bank regulation, such as changes in the products and services banks can offer and involving holding companies, as well as bank mergers and acquisitions, can affect Central Bank's ability to comply with regulations. Regulations have also expanded the activities in which depository institutions may engage. The ability to successfully will depend upon how successfully it can respond to the evolving competitive, regulatory and other developments affecting its operations.

Lending Activities

Central Bank's lending focus is concentrated in real estate secured transactions, including residential mortgage loans, commercial mortgage loans and construction loans. For the year ended March 31, 2012, Central Bank originated \$165.7 million. Of the total loans originated during fiscal 2012, \$165.7 million, or 97%, were residential mortgage loans; \$1.8 million, or 2%, were commercial real estate loans; and \$1.8 million, or 1%, were commercial and industrial loans. For the years ended March 31, 2012 and 2011, Central Bank sold \$11.1 million and \$21.2 million, respectively, of loans in the secondary market. The sale of loans in the secondary market allows Central Bank to continue to make loans when cash flows decline or funds are not otherwise available for lending purposes and to manage interest rate risk.

Central Bank's loan portfolio increased by \$54.7 million, or 13.9%, to \$448.9 million at March 31, 2012, from \$394.2 million at March 31, 2011. The increase was primarily due to increases in residential real estate loans and decreases in the commercial and construction loan portfolios. During fiscal 2012 and 2011, management de-emphasized higher-risk commercial and land lending in accordance with Central Bank's business plan. Land and construction loans totaled \$937 thousand at March 31, 2012, compared to \$456 thousand at March 31, 2011. Commercial and industrial loans decreased primarily due to a decrease in commercial mortgage loans. During fiscal 2012 management focused on increasing the residential real estate portfolios as these loans are more profitable than commercial and construction lending.

Loan Portfolio Composition. The following table summarizes the composition of Central Bank's loan portfolio at the dates indicated. The percentage each type represents of the total loan portfolio at the dates indicated:

	2012		2011		At March 31, 2010		2009
	Amount	%	Amount	%	Amount	%	
(Dollars in Thousands)							
Mortgage loans:							
Residential	\$ 270,324	60.22%	\$ 183,157	46.46%	\$ 217,053	47.03%	\$ 183,327
Commercial	167,196	37.25	199,074	50.50	227,938	49.39	249,941
Land and construction	937	0.21	456	0.11	2,722	0.59	14,085
Home equity	8,471	1.89	8,426	2.14	8,817	1.91	7,347
Total mortgage loans	446,928	99.57	391,113	99.21	456,530	98.92	454,704
Other loans:							
Commercial and industrial	1,127	0.25	2,212	0.56	4,037	0.88	4,834
Consumer	831	0.18	892	0.23	943	0.20	1,132
Total other loans	1,958	0.43	3,104	0.79	4,980	1.08	5,966
Total loans	448,886	100.0%	394,217	100.0%	461,510	100.0%	460,670
Less:							
Allowance for loan losses	4,272		3,892		3,038		3,191

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Loans, net	\$ 444,614	\$ 390,325	\$ 458,472	\$ 457,479
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76

Table of Contents

Loan Portfolio Sensitivity. The following table sets forth certain maturity information as of March 31, 2012, for commercial and industrial loans as well as construction and land loans in Central Bank's portfolio, in millions of dollars, principal, based on contractual terms to maturity. Demand loans, loans having no schedule of repayment, are reported as due in one year or less.

	Due Within One Year	Due After One Through Five Years (In Millions)
Commercial and industrial loans	\$ 583	\$ 456
Construction and land loans	568	369
Total	\$ 1,151	\$ 825

Residential Lending. Residential mortgage loans at March 31, 2012 totaled \$270.3 million, or 60.2%, of the residential loan portfolio and adjustable-rate residential mortgages totaled \$234.3 million, or 86.7%, of the residential loan portfolio and adjustable-rate residential mortgages totaled \$13.3%, of the residential loan portfolio.

In recent years Central Bank has sought to increase its origination of residential mortgage loans and to increase income via loan sale gains, management regularly assesses the desirability of holding or selling newly originated residential mortgage loans. A number of factors are evaluated to determine whether or not to hold such loans, including projected liquidity, current and projected interest rate risk profile, projected growth in other interest-earning assets, and projected interest rates and economic conditions. During fiscal 2012, the market value of residential real estate loans in Central Bank's market area increased but overall the Boston area residential property values decreased. Residential property values in Central Bank's market area decreased less than 1% during fiscal 2011. The combination of two years of declines in residential values may indicate a turnaround in the housing market in Central Bank's market area.

Also, during fiscal 2012 and 2011, management strategically increased its emphasis on residential lending to meet regulatory capital levels. Due to the emphasis on increasing residential lending along with the relatively stable regulatory capital levels, the residential loan portfolio increased by \$87.2 million or 47.6% during fiscal 2012 as compared to fiscal 2011.

Central Bank's adjustable-rate residential mortgage loans have a maximum term of 30 years, and all loans are fully amortized. Central Bank prices the initial rate competitively, but generally avoids initial deep discounts from conventional fixed-rate loans. Central Bank has adopted the U.S. Treasury Securities Index, adjusted to a constant maturity of one to three years, as the benchmark rate at which adjustable-rate loans is generally set is 2.875 percentage points over the stated index. Interest rates on adjustable-rate mortgage loans are capped at two percentage points per adjustment and six percentage points over the initial rate.

Residential loans may be granted as construction loans or permanent loans on residential properties. Construction loans on residential properties may convert to residential loans at fixed or adjustable rates upon completion of construction. Loans on four-family residential properties are typically written in amounts up to 80% of the appraised value of the property. Loans on other residential properties generally requires private mortgage insurance for loans in excess of 80% of appraised value. The maximum loan-to-value ratio on owner-occupied residential properties is 95%. The maximum loan-to-value ratio on non-owner-occupied residential properties is 80%.

Commercial Real Estate and Construction Lending. Central Bank originates permanent commercial real estate loans on commercial and residential real estate projects. Commercial real estate loans are typically secured by mortgages on office buildings, apartment buildings, office buildings, industrial buildings and various retail properties and are written on a non-recourse basis at fixed or adjustable rates.

Table of Contents

Commercial real estate loans with fixed interest rates have terms generally ranging from one to five years. The interest rate on adjustable rate loans is generally set to the five-year FHLB classic advance rate plus a margin of 175 basis points. In 2012, Central Bank's commercial mortgage portfolio totaled \$167.2 million and constituted 37.3% of the total loan portfolio. The balance of \$199.1 million, or 50.5%, of total loans at March 31, 2011. The decline in the commercial mortgage portfolio in 2012, which totaled \$31.9 million, or 16.0%, is attributable to management's decreased emphasis on this type of lending in the current economic environment.

Commercial real estate loans are generally made for up to 75% of the appraised value of the property. The terms of loans currently offered by Central Bank can have amortization periods of up to 20 to 25 years. Title insurance and flood insurance are required in amounts sufficient to protect Central Bank's interest, where applicable. Commercial real estate loans are granted in participation with other lenders.

Central Bank's land and construction loans totaled \$937 thousand, or 0.21%, of Central Bank's loan portfolio. This represents a land and construction loan balance of \$456 thousand or 0.11% of total loans at March 31, 2011. The decline in this type of lending to management's decreased emphasis on this type of lending in the current economic environment. Commercial real estate loans are short-term in nature and have maturities of up to two years. Central Bank grants loans to construct residential and commercial real estate projects. Central Bank also originates loans for the construction of single-family homes for residential use. Construction loans are made for up to 75% of the projected value of the completed property, based on the value of the property. Disbursement is disbursed based on a schedule of completed work presented to Central Bank and confirmed by physical inspection by a construction consultant and after receipt of title updates.

Home Equity Lines of Credit. Central Bank offers home equity lines of credit that are secured by the borrower's primary residence and may take the form of a first or second mortgage. Equity loans are made in amounts up to 80% of the value of the first mortgage. Payment of interest is required monthly and the rate is adjusted monthly based on changes in the prime rate as reported in *Wall Street Journal*. Loans are not contingent upon proceeds being used for home improvement. General amortization is interest only due during the first 10 years, and then principal and interest due for the remaining 10 years. The total outstanding totaled \$8.5 million, or 1.9% of total loans at March 31, 2012.

Commercial and Industrial, Consumer and Other Loans. Central Bank's commercial and industrial loans totaled \$1.1 million, or 0.44% of the total loan portfolio on March 31, 2012. The commercial and industrial portfolio includes term and line-of-credit loans to a variety of local small businesses that are generally made on a secured basis. The decline in commercial and industrial loans in fiscal 2012 was primarily attributable to the repayment of loans. Central Bank engages in commercial and industrial lending as an accommodation to existing customers.

Risks of Residential and Commercial Real Estate, Construction and Land, and Commercial and Industrial Lending. Market value fluctuations and default risk are the primary risks associated with residential lending. However, commercial and commercial and industrial lending entail significant additional risks compared to residential mortgage lending. Commercial and commercial and industrial lending secured by income-producing properties is typically dependent on the successful operation of the property. Commercial and commercial and industrial lending is typically subject to a greater extent to adverse conditions in the local real estate market or in the economy generally. Construction loans are subject to a greater extent to risk of loss than long-term financing on improved occupied real estate because of the uncertainties in construction costs, delays arising from labor problems, material shortages, and other unpredictable contingencies. Commercial and commercial and industrial loans are generally not secured by real estate and may involve greater risks than other types of lending. Because commercial and commercial and industrial loans are dependent on the successful operation of the business involved, repayment of such loans may be subject to a greater extent to adverse conditions in the economy. For more information see **Nonperforming Assets** below.

Table of Contents

Origination Fees and Other Fees. Central Bank currently collects origination fees on some of the real estate loans it offers. Fees to cover the cost of appraisals, credit reports and other direct costs are also collected. Loan fees are in proportion to the level of lending activity, as well as competitive and economic conditions.

Central Bank imposes late charges on all loan products it offers with the exception of equity lines of credit. Central Bank also collects prepayment premiums and partial release fees on commercial real estate loans. These fees are negotiated as part of the loan agreement.

Loan Solicitation and Processing. Loan originations come from a number of sources and are attributable to direct customers, real estate brokers and builders, as well as the purchase of residential and commercial loans. Central Bank also utilizes in-house originators in the origination of residential real estate loans. Commercial loans are originated by Central Bank's team of commercial loan officers. Consumer loans result from both walk-in and existing customers.

Each loan originated by Central Bank is underwritten by lending personnel of Central Bank or, in the case of loans to be sold, qualified independent contract underwriters. Individual lending officers, a committee of independent underwriters or the Security Committee have the authority to approve loans up to various limits. Bank-approved independent appraisers are used to appraise the property intended to secure real estate loans. Central Bank's underwriting criteria are a part of each loan. There are detailed guidelines concerning the types of loans that may be made, the nature of the collateral and must be obtained concerning the loan applicant and follow-up inspections of collateral after the loan is made.

Nonperforming Assets. Central Bank notifies a borrower of a delinquency when any payment becomes delinquent. Payments are made if the loan remains delinquent for 30 days or more. Central Bank will consider working out a loan to clear a delinquency, if necessary. If, however, a borrower is unwilling or unable to resolve such a default, Central Bank generally proceed to foreclose and liquidate the property to satisfy the debt.

Loans on which the accrual of interest has been discontinued are designated as nonaccrual loans. Accrual of interest and amortization of net deferred loan fees or costs are discontinued either when reasonable doubt exists as to the borrower's ability to pay interest or principal, or when a loan becomes contractually past due 90 days with respect to interest or principal. However, interest may continue even though they are more than 90 days past due if management deems it appropriate. Loans are generally well secured and in the process of collection. When a loan is placed on nonaccrual status, all interest previously accrued is reversed against current period interest income. Interest accruals are resumed on such loans only when the borrower resumes payments with respect to interest and principal and when, in the judgment of management, the loans are estimated to be collectible in full of principal and interest. For some nonaccrual loans that are generally well-secured, cash interest payments are recorded as interest income on cash basis as long as the remaining recorded investment is determined by management.

Central Bank has instituted additional procedures to closely monitor loans and bring potential problem loans into the collection process. Central Bank prepares a monthly watch list of potential problem loans including delinquent loans. Central Bank's Senior Loan Officer reviews delinquencies with the Security Committee of the Board of Directors. Due to the high priority given to monitoring asset quality, senior management is involved in the early detection of potential problem loans. Additionally, Central Bank has a workout committee comprised of Central Bank's Senior Loan Officers and other personnel that meets regularly to discuss the ongoing resolution of any loans identified for special review.

Table of Contents

The following table sets forth information with respect to Central Bank's nonperforming assets at the

	2012	2011	At M 2010 (Dollars in millions)
Loans accounted for on a nonaccrual basis:			
Nonperforming loans	\$ 6,451	\$ 8,578	\$ 8,578
Restructured loans	2,597	1,003	1,003
Total nonaccrual loans	9,048	9,581	9,581
Real estate acquired by foreclosure or deed in lieu of foreclosure	133	132	132
Total nonperforming assets	\$ 9,181	\$ 9,713	\$ 9,713
Impaired loans, accruing	\$ 6,686	\$ 7,171	\$ 7,171
Nonperforming loans to total loans	2.02%	2.43%	2.43%
Nonperforming assets to total assets	1.75%	1.99%	1.99%

At March 31, 2012, nonperforming assets totaled \$9.2 million, or 1.75% of total assets, compared to nonperforming assets of \$9.7 million, or 1.99% of total assets, at March 31, 2011. The \$532 thousand net decline in nonperforming assets was due to the removal of two commercial real estate relationships which totaled \$3.5 million and the removal of another commercial real estate relationship which totaled \$769 thousand and was removed from the nonperforming category due to its timely payment performance. In addition, there was the addition of five commercial real estate relationships which totaled \$5.6 million, half of which were added during fiscal 2012. These nonperforming loans were placed on nonaccrual status due to their declining financial performance and are being closely monitored to ensure continued progress in their resolution.

Nonperforming assets increased by \$3.4 million, from \$6.3 million at March 31, 2010 to \$9.7 million at March 31, 2011, due to the addition of three commercial real estate customer relationships which totaled \$2.3 million and residential real estate relationships which totaled \$1.1 million, partially offset by the removal of three loans totaling \$400 thousand.

At March 31, 2011, impaired accruing loans totaled \$7.2 million and were primarily comprised of a \$4.5 million commercial real estate relationship which was restructured in fiscal 2010 and totaled \$4.5 million at March 31, 2011, and a \$2.7 million commercial real estate relationship added during fiscal 2011. The \$4.5 million commercial real estate relationship's TDR was renewed during fiscal 2011. The \$2.7 million commercial real estate relationship's TDR was renewed during fiscal 2011. The \$1.4 million relationship added during fiscal 2011 was primarily due to the customer's financial difficulties and the restructuring included the advancement of funds to pay past due real estate taxes and other obligations.

At March 31, 2011, TDRs which were accruing interest totaled \$7.2 million compared to \$5.7 million at March 31, 2010. Recent regulatory filings have extended the time required to resolve some situations involving nonperforming assets, and the customer's legal counsel, borrowers and bankruptcy trustees to resolve these situations as soon as possible. Management believes that the customer's collateral securing these loans to cover losses that may result from nonperforming loans. At March 31, 2011, there were no TDRs not listed on the table above where known information about possible credit problems of borrowers caused management to have doubts as to the ability of such borrowers to comply with present loan repayment terms.

Impaired loans which were accruing interest at March 31, 2010 totaled \$10.6 million, comprised of 16 loans totaling \$9.7 million, and four residential loans to four borrowers which totaled \$898 thousand. At March 31, 2011, there were 16 impaired loans totaling \$7.0 million comprised most of the impaired but accruing commercial real estate loans at March 31, 2011. One of these loans totaling \$4.6 million was a troubled debt restructuring (TDR), and for which this customer's loans were

Table of Contents

to the restructuring. Management's conclusion that it was appropriate for this relationship to continue restructuring was based on the customer's satisfactory repayment performance prior to the restructuring. Management determined that the remaining contractual principal and interest are expected to be collected. The other real estate loan relationship at March 31, 2010 was comprised of five loans which totaled \$2.4 million. Management has paid-in-full four of the five loans. The remaining loan which totaled \$764 thousand was placed on non-accrual. However, management expects to collect the outstanding principal balance.

For more information regarding non-performing loans, see Central Management's Discussion and Analysis of Results of Operations, Provision for Loan Losses.

Allowance for Loan Losses. Central provides for loan losses in order to maintain the allowance for loan losses. Management's estimate of the allowance for loan losses is based on an evaluation of known and inherent risks in the loan portfolio. At an appropriate level of the allowance for loan losses, management considers past and anticipated loss experience, collateral, financial condition of the borrower, prevailing economic conditions, the nature and volume of non-performing and other classified loans. The amount of the allowance is based on estimates and adjustments. Management assesses the allowance for loan losses on a quarterly basis and provides for loan losses to maintain the adequacy of the allowance. Central uses a process of portfolio segmentation to calculate the allowance at the end of each quarter. Management analyzes required reserve allocations for loans considered impaired under GAAP (ASC 310 *Receivables* (ASC 310)) and the allocation percentages used when calculating potential losses (ASC 450). Although management uses available information to establish the appropriate level of the allowance, additions or reductions to the allowance may be necessary based on estimates that are susceptible to change. Changes in composition or volume, changes in economic market area conditions or other factors. As a result, Central's provisions may not be sufficient to cover actual loan losses, and future provisions for loan losses could materially adversely affect Central's results. In addition, various regulatory agencies, as an integral part of their examination process, periodically review Central's loan losses. Such agencies may require Central to recognize adjustments to the allowance based on information available to them at the time of their examination. During fiscal year ended March 31, 2012, a \$1.4 million provision was recorded upon management's quarterly evaluations of the loan portfolio. Certain loan loss factor ratios were increased due to continued recessionary economic conditions. Management currently believes that there are adequate reserves for non-performing loans to cover losses that may result from these loans at March 31, 2012. See Note 1 to the Consolidated Financial Statements for a detailed description of Central's management's estimation process and methodology.

Table of Contents

The following table presents activity in the allowance for loan losses during the years indicated:

	2012	2011	2010
Balance at beginning of year	\$ 3,892	\$ 3,038	\$ 3,190
Provision (benefit)	1,400	1,100	600
Charge-offs:			
Construction			
Residential mortgage	(441)	(69)	(250)
Commercial mortgage	(604)	(171)	(460)
Other loans	(13)	(10)	(50)
Total charge-offs	(1,058)	(250)	(760)
Recoveries:			
Residential mortgage	33		
Commercial mortgage			
Other loans	5	4	20
Total recoveries	38	4	20
Net (charge-offs) recoveries	(1,020)	(246)	(740)
Balance at end of year	\$ 4,272	\$ 3,892	\$ 3,038
Average loans outstanding during the year*	\$ 419,303	\$ 424,993	\$ 461,590
Ratio of net charge-offs to average loans	0.24%	0.06%	0.16%
Total loans outstanding at end of year	\$ 448,886	\$ 394,217	\$ 461,510
Ratio of allowance for loan losses to loans at end of year	0.95%	0.99%	0.65%

* Does not include loans held for sale

The allowance for loan losses is available for offsetting credit losses in connection with any loan, but is not available for offsetting credit losses in connection with any loan in the categories as part of the process for evaluating the adequacy of the allowance for loan losses. The following table presents the Central Bank's allowance for loan losses, by type of loan, at the dates indicated:

	2012		2011		At March 31, 2010		Amount
	Amount	% of Loans to Total Loans	Amount	% of Loans to Total Loans	Amount	% of Loans to Total Loans	
(Dollars in Thousands)							
Mortgage loans:							
Residential	\$ 1,248	60.22%	\$ 771	46.46%	\$ 721	47.03%	\$ 655
Commercial	2,787	37.25	2,669	50.50	2,023	49.39	1,941
Construction and land loans	33	0.21	14	0.11	14	0.59	406

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Home equity	149	1.89	129	2.14	133	1.91	114
Total mortgage loans	4,217	99.57	3,583	99.21	2,891	98.92	3,116
Other loans	55	0.43	309	0.79	147	1.08	75
Total	\$ 4,272	100.00%	\$ 3,892	100.00%	\$ 3,038	100.00%	\$ 3,191

82

Table of Contents

Investment Activities

The primary objectives of the investment portfolio are to achieve a competitive rate of return over a reasonable period of time and to provide liquidity. As a Massachusetts chartered bank, Central Bank is authorized to invest in various types of securities, including governmental agencies, corporate bonds and other obligations and, within certain limits, common and preferred stock. Central Bank's investment policy requires that corporate debt securities be rated as investment grade at the time of purchase. Securities below investment grade will require additional analysis relative to perceived credit quality, market price, and return on capital/earnings before a decision is made as to hold or sell. For all sub-investment grade corporate holdings, a thorough creditworthiness is required. Central Bank's investment in common and preferred stock is generally limited to publicly traded corporations whose shares are actively traded. The size of Central Bank's holdings in an individual corporation is limited. A portion of Central Bank's investment portfolio consists of mortgage-backed securities which represent residential mortgage loans. Such securities include securities issued and guaranteed by the Federal National Mortgage Association (FNMA), the Loan Mortgage Corporation (FHLMC) and the Government National Mortgage Association (GNMA). Central Bank also holds obligations (CMOs) issued primarily by FNMA and FHLMC.

Investments are classified as held to maturity, available for sale, or trading. Investments classified as held to maturity are carried at value with unrealized gains and losses included in earnings. Investments classified as available for sale are carried at fair value with unrealized gains and losses, net of taxes, reported as a separate component of stockholders' equity. Securities classified as trading are carried at amortized cost. At March 31, 2012, 2011 and 2010, all of Central Bank's marketable investments were held to maturity.

The following table sets forth a summary of Central Bank's investment securities, as well as the percentage of total assets, at the dates indicated:

	2012
Corporate bonds	\$ 31,200
Government agency and government sponsored enterprise mortgage-backed securities	1,000
Single issuer trust preferred securities issued by financial institutions	32,200
Total debt securities	33,200
Perpetual preferred stock issued by financial institutions	3,600
Common stock	39,000
Total investment securities	\$ 76,800
Percentage of total assets	7.1%

There were no investment holdings, other than those of the U.S. government and its agencies, for which the percentage of total assets held by any issuer exceeded 10% of stockholders' equity as of March 31, 2012.

Table of Contents

The following table sets forth the scheduled maturities, amortized cost, fair values and average yields as of March 31, 2012:

	One Year or Less		One to Five Years		Five to Ten Years		More than Ten Years	
	Amortized Cost	Average Yield	Amortized Cost	Average Yield	Amortized Cost	Average Cost	Amortized Cost	Average Yield
	(Dollars in Thousands)							
Government agency and government sponsored enterprise mortgage-backed securities	\$ 3	4.46%	\$ 483	3.88%	\$ 1,704	2.76%	\$ 28,263	3.4
Single issuer trust preferred securities issued by financial institutions							1,001	7.7
Total	\$ 3		\$ 483		\$ 1,704		\$ 29,264	

Deposits, Borrowed Funds, and Other Sources of Funds

General. Savings accounts and other types of deposits have traditionally been an important source of funds for Central Bank and for other general business purposes. In addition to deposits, Central Bank derives funds from loan repayments and from other operations. The availability of funds is influenced by the general level of interest rates and market conditions. Scheduled loan repayments are a relatively stable source of funds while deposit inflows and outflows are influenced by prevailing interest rates and market conditions. Borrowings may be used on a short-term basis to compensate for shortfalls in deposit inflows at less than projected levels and may be used on a longer term basis to support expansion of Central Bank's business.

Deposits. Consumer, business and municipal deposits are attracted principally from within Central Bank's market area of a broad selection of deposit instruments including demand deposit accounts, NOW accounts, money market accounts, savings accounts, term deposit accounts and retirement savings plans. Central Bank has historically not attracted deposits outside of its market area or solicited brokered deposits. Central Bank attracts deposits through its branches, automated teller machines, the Internet and by paying rates competitive with other financial institutions. From time to time, Central Bank bids on short-term certificates of deposit from the Commonwealth of Massachusetts and from other financial institution bidders throughout Massachusetts.

Table of Contents

Deposit Accounts. The following table shows the distribution of the average balance of Central Bank indicated and the weighted average rate paid for each category of account for the years indicated:

	2012			Years Ended March 31, 2011		
	Average Balance	Average % of Deposits	Rate Paid	Average Balance	Average % of Deposits	Rate Paid
	(Dollars in Thousands)					
Demand deposit accounts	\$ 43,993	13.52%	%	\$ 42,534	12.84%	
NOW accounts	29,314	9.01	0.18	28,697	8.66	0.27
Passbook and other savings accounts	57,514	17.67	0.12	54,584	16.48	0.23
Money market deposit accounts	68,686	21.11	0.42	79,089	23.88	0.69
Term deposit certificates	125,884	38.69	1.01	126,326	38.14	1.31
Total deposits	\$ 325,391	100.00%	0.60%	\$ 331,230	100.00%	0.83%

Time Deposits in Excess of \$100,000. The following table indicates the amount of Central Bank's time deposits remaining until maturity as of March 31, 2012 (In Thousands):

Maturity Period:

Three months or less

Three through six months

Six through twelve months

Over twelve months

Total

Borrowings. From time to time, Central Bank borrows funds from the FHLB of Boston. All advances are secured by a blanket lien on residential first mortgage loans, certain investment securities and commercial real estate stock in the FHLB of Boston. At March 31, 2012, Central Bank had advances outstanding from the FHLB of Boston of approximately \$84 million. Central Bank also has unused borrowing capacity, based on available collateral, of approximately \$84 million. Proceeds from these borrowings are used to fund Central Bank's loan growth. Additional sources of borrowed funds include The Co-operative Bank, the Federal Reserve Bank, and a line of credit with a correspondent bank.

The following table sets forth certain information regarding borrowings from the FHLB of Boston, including borrowings under a line of credit, at the dates and for the periods indicated:

	2012
Amounts outstanding at end of period	\$ 117,228
Weighted average rate at end of period	3.68%
Maximum amount of borrowings outstanding at any month end	\$ 117,351
Approximate average amounts outstanding at any month end	\$ 117,287
Approximate weighted average rate during the year	3.74%

Troubled Asset Relief Program Capital Purchase Program

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On August 25, 2011, Central entered into and consummated a letter agreement (the Repurchase Letter) with the U.S. Department of the Treasury (Treasury), pursuant to which Central redeemed, out of the

Table of Contents

proceeds of its issuance of 10,000 shares of its Series B Senior Non-Cumulative Perpetual Preferred Stock and its Series A Fixed Rate Cumulative Perpetual Preferred Stock, liquidation amount \$1,000 per share (the "Series A Preferred Stock"), including accrued but unpaid dividends to the date of redemption. On August 25, 2011, Central redeemed the Series A Preferred Stock at a redemption price of \$10,013,889, including accrued but unpaid dividends to the date of redemption. Of this amount, \$10.0 million was used to purchase the Series A Preferred Stock from the Treasury as a participant in the federal government's Treasury Department Small Business Lending Fund (the "SBLF") Capital Purchase Program. This represented approximately 2.6% of Central's risk-weighted assets. In connection with the investment, Central had entered into a Letter Agreement and the related Securities Purchase Agreement with the Treasury pursuant to which Central issued the 10,000 shares of Series A Preferred Stock and a warrant to purchase 10,000 shares of Central's common stock for an aggregate purchase price of \$10.0 million in cash.

Central subsequently repurchased the Warrant from the Treasury on October 19, 2011 for an aggregate purchase price of \$10.0 million. For additional information, see Note 13 to Central's consolidated financial statements.

U.S. Treasury Department Small Business Lending Fund

On August 25, 2011, Central entered into and consummated a Securities Purchase Agreement (the "Purchase Agreement") with the U.S. Department of the Treasury, pursuant to which Central issued 10,000 shares of Central's Series A Preferred Stock, Series B (the "Series B Preferred Stock"), having a liquidation amount per share equal to \$10,000,000. The Purchase Agreement was entered into, and the Series B Preferred Stock was issued, pursuant to the Treasury Department Small Business Lending Fund (the "SBLF") program, a fund established under the Small Business Jobs Act of 2010, that provides capital to qualified community banks with assets of less than \$10 billion. Central used the proceeds of the Series A Preferred Stock issued under the TARP Capital Purchase Program. For additional information, see Note 13 to Central's consolidated financial statements.

Subsidiaries

In September 2004, Central established Central Bancorp Capital Trust I (the "Trust I"), a Delaware statutory trust, which issued \$5.1 million of trust preferred securities in a private placement and issued \$158,000 of trust common securities to Central. The proceeds of these issuances were used to purchase \$5.3 million of Central's floating rate junior subordinated debentures (the "Trust I Debentures"). The interest rates on the Trust I Debentures and trust preferred securities are fixed at 2.44% over the three month LIBOR. At March 31, 2012, the interest rate was 2.91%.

On January 31, 2007, Central completed a trust preferred securities financing in the amount of \$5.9 million. Central formed a Connecticut statutory trust, known as Central Bancorp Statutory Trust II (the "Trust II"). Trust II issued \$5.9 million of trust preferred securities in a private placement and issued \$183,000 of trust common securities to Central. The proceeds of these issuances were used to purchase \$6.1 million of Central's floating rate junior subordinated debentures due March 15, 2017. From January 31, 2007 until March 15, 2017 (the "Fixed Rate Period"), the interest rate on the Trust II Debentures and trust preferred securities is fixed at 7.015% per annum. Upon the expiration of the Fixed Rate Period, the interest rate on the Trust II Debentures and trust preferred securities will be at a variable per annum rate, reset quarterly, equal to three month LIBOR plus 1.00%. The Trust II Debentures are the sole assets of Trust II. The Trust II Debentures and the trust preferred securities are callable by Central or Trust II, at their option, at any time or from time to time for a period not exceeding 20 consecutive quarterly payment periods, subject to prior approval by the Federal Reserve Board, if then required. Interest on the trust preferred securities and the Trust II Debentures is deferred at any time or from time to time for a period not exceeding 20 consecutive quarterly payment periods in the event of default.

Table of Contents

The Trust I Debentures and the Trust II Debentures are the sole assets of Trust I and Trust II, respectively. Central Bank's existing and future obligations for borrowed money.

The trust preferred securities generally rank equal to the trust common securities in priority of payment over the trust common securities if and so long as Central Bank fails to make principal or interest payments on the Trust I and Trust II Debentures. Concurrently with the issuance of the Trust I and Trust II Debentures and the trust preferred securities, Central Bank will issue guarantees related to each trust's securities for the benefit of the holders of Trust I and Trust II.

In April 1998 and July 2003, Central Bank established Central Securities Corporation and Central Securities Corporation, Massachusetts corporations, as wholly-owned subsidiaries of Central Bank for the purpose of engaging in, holding, on their own behalf, securities that may be held directly by Central Bank. From time to time, Central Bank has issued, as government agency obligations, corporate bonds, mortgage-backed securities, preferred stocks, and other securities, under Section 38B of Chapter 63 of the Massachusetts General Laws as Massachusetts securities corporations.

During January 2009, Central Bank established a wholly-owned subsidiary, Metro Real Estate Holding Company, to, among other things, hold, maintain, and dispose of certain foreclosed properties acquired from Central Bank.

Regulation and Supervision

Central Bank is a Massachusetts-chartered co-operative bank and is the wholly-owned subsidiary of Central Bank and registered bank holding company. Central Bank's deposits are insured up to applicable limits by the Federal Deposit Insurance Corporation and by the Share Insurance Fund of Massachusetts for amounts in excess of the FDIC insured amount. Central Bank is subject to extensive regulation by the Massachusetts Commissioner of Banks, as its chartering agency, and by the Federal Reserve Board, as regulator and deposit insurer. Central Bank is required to file reports with, and is periodically examined by, the Massachusetts Commissioner of Banks concerning its activities and financial condition and must obtain regulatory approval for certain transactions, including, but not limited to, mergers with or acquisitions of other financial institutions. As a bank holding company, Central is regulated by the Federal Reserve Board. This regulation and supervision establish standards for activities in which an institution can engage and is intended primarily for the protection of depositors and creditors rather than for the protection of stockholders and creditors. The regulatory structure also gives the regulatory agencies authority in connection with their supervisory and enforcement activities and examination policies, including policies regarding deposit insurance assessment fees, the classification of assets and the establishment of adequate loan loss reserves for purposes. Any change in such regulatory requirements and policies, whether by the Massachusetts legislature, the Massachusetts Commissioner of Banks, the FDIC, the Federal Reserve Board or Congress, could have a material adverse effect on the business and results of operations of Central and Central Bank.

Set forth below is a brief description of certain regulatory requirements applicable to Central and Central Bank, which is limited to certain material aspects of the statutes and regulations addressed, and is not intended to be a comprehensive description of the statutes and regulations and their effects on Central and Central Bank.

Regulatory Reform – The Dodd-Frank Act

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), which was signed into law on July 21, 2010, significantly change the current bank regulatory structure and affect the lending, investment, trading and other activities of financial institutions and their holding companies. The Dodd-Frank Act will eliminate the Office of Thrift Supervision and require savings associations be

Table of Contents

regulated by the Office of the Comptroller of the Currency (the primary federal regulator for national banks) and authorized by the Federal Reserve Board to supervise and regulate all savings and loan holding companies.

The Dodd-Frank Act requires the Federal Reserve Board to set minimum capital levels for bank holding companies, including those required for insured depository institutions, and the components of Tier 1 capital would be restricted to those currently considered to be Tier 1 capital for insured depository institutions. In addition, the proceeds of the sale of assets are excluded from Tier 1 capital unless such securities were issued prior to May 19, 2010 by bank or savings institution with less than \$15 billion of assets. The legislation also establishes a floor for capital of insured depository institutions at the standards in effect today, and directs the federal banking regulators to implement new leverage and capital requirements within 18 months. These new leverage and capital requirements must take into account off-balance sheet activities and losses relating to securitized products and derivatives.

The Dodd-Frank Act also creates a new Consumer Financial Protection Bureau with broad powers to enforce consumer financial protection laws. The Consumer Financial Protection Bureau has broad rulemaking authority for a wide range of rules that apply to all banks and savings institutions, including the authority to prohibit unfair, deceptive or abusive practices. The Consumer Financial Protection Bureau has examination and enforcement authority over all banks and savings institutions with \$10.0 billion in assets. Banks and savings institutions with \$10.0 billion or less in assets will be examined by state regulators. The new legislation also weakens the federal preemption available for national banks and savings institutions and the state attorneys general the ability to enforce applicable federal consumer protection laws.

Regulation and Supervision of Central

General. Central is a bank holding company subject to regulation by the Federal Reserve Board under the Bank Holding Company Act of 1956, as amended (the BHCA). As a result, the activities of Central are subject to certain limitations. In addition, as a bank holding company, Central is required to file annual and quarterly reports with the Federal Reserve Board, and such additional information as the Federal Reserve Board may require pursuant to the BHCA. Central is supervised by and the enforcement authority of the Federal Reserve Board.

Activities. With certain exceptions, the BHCA prohibits a bank holding company from acquiring direct or indirect ownership of more than 5% of the voting shares of a company that is not a bank or a bank holding company, or from engaging in activities other than those of banking, managing or controlling banks, or providing services for its subsidiaries. These prohibitions involve certain non-bank activities which, by statute or by Federal Reserve Board regulation, are identified as activities closely related to the business of banking. The activities of Central are subject to the limitations under the BHCA and the related Federal Reserve Board regulations. Notwithstanding the Federal Reserve Board's power of specific nonbanking activities, the Federal Reserve Board has the power to order a holding company to discontinue an activity, or to terminate its ownership or control of any subsidiary, when it has reasonable cause to believe that the activity or such ownership or control constitutes a serious risk to the financial safety, soundness or stability of the holding company.

Effective with the enactment of the Gramm-Leach-Bliley Act (the G-L-B Act) on November 12, 1999, bank holding companies and financial institution subsidiaries are well capitalized and well managed and have satisfactory Community Reinvestment Act ratings can elect to become financial holding companies which are permitted to engage in a broader range of activities than bank holding companies, including investment banking and insurance companies. Financial holding companies may engage in, directly or indirectly, financial activities. A financial activity is an activity that is: (i) financial in nature; (ii) financial in nature; or (iii) complementary to a financial activity and

Table of Contents

that does not pose a safety and soundness risk. The G-L-B Act includes a list of activities that are deemed to be financial in nature or incidental thereto. Other activities also may be decided by the Federal Reserve Board to be financial in nature or incidental thereto. A bank holding company that intends to engage in a new activity or to acquire a company to engage in a new activity must give prior notice to the Federal Reserve Board. If the activity is not either specified in the G-L-B Act as being financial in nature or the Federal Reserve Board has determined by rule or regulation to be financial in nature, the prior approval of the Federal Reserve Board is required.

Acquisitions. Under the BHCA, a bank holding company must obtain the prior approval of the Federal Reserve Board before: (1) acquiring direct or indirect ownership or control of any voting shares of any bank or bank holding company if, after the acquisition, the company would directly or indirectly own or control more than 5% of such shares; (2) acquiring all or substantially all of another bank or bank holding company; or (3) merging or consolidating with another bank holding company. The Federal Reserve Board's condition, particularly with regard to capital adequacy, and satisfactory CRA ratings generally are prerequisites for the Federal Reserve Board's regulatory approval to make acquisitions.

Under the BHCA, any company must obtain approval of the Federal Reserve Board prior to acquiring control of a bank or bank holding company. For purposes of the BHCA, control is defined as ownership of more than 25% of any class of voting securities, the ability to control the election of a majority of the directors, or the exercise of a controlling influence over the company. Central. In addition, the Change in Bank Control Act and the related regulations of the Federal Reserve Board require any person acting in concert (except for companies required to make application under the BHCA) to file a written application with the Federal Reserve Board before such person or persons may acquire control of Central. The Change in Bank Control Act also prohibits any person, directly or indirectly, to vote 25% or more of any voting securities or to direct the management or policies of a bank. There is a presumption of control where the acquiring person will own, control or hold with power to control more than 10% of voting security of a bank holding company or insured bank if, like Central, the company involved has been a bank holding company since Section 12 of the Securities Exchange Act of 1934.

Under Massachusetts banking law, prior approval of the Massachusetts Division of Banks is also required for the acquisition of control of a Massachusetts bank or bank holding company. Massachusetts law generally prohibits a bank holding company from acquiring control of an additional bank if the bank to be acquired has been in existence for less than three years or if the bank holding company would control more than 30% of the FDIC-insured deposits in the Commonwealth of Massachusetts.

Capital Requirements. The Federal Reserve Board has adopted guidelines regarding the capital adequacy of bank holding companies which require bank holding companies to maintain specified minimum ratios of capital to total assets and leverage. See Regulation and Supervision of Central Bank Capital Requirements.

Dividends. The Federal Reserve Board has the power to prohibit dividends by bank holding companies if the Board determines that such dividends constitute unsafe or unsound practices. The Federal Reserve Board has issued a policy statement on the payment of dividends by bank holding companies, which expresses the Federal Reserve Board's view that a bank holding company should not pay dividends to the extent that the company's net income for the past year is sufficient to cover both the cash dividends and the company's capital needs, asset quality and overall financial condition. The Federal Reserve Board's policy would be inappropriate for a bank holding company experiencing serious financial problems to borrow funds. In response to the prompt corrective action regulations adopted by the Federal Reserve Board pursuant to the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA), the Federal Reserve Board may prohibit a bank holding company from paying dividends if the bank holding company's bank subsidiary is classified as undercapitalized or worse. See Regulation and Supervision of Central Bank Corrective Regulatory Action.

Table of Contents

Stock Repurchases. Bank holding companies are required to give the Federal Reserve Board prior written notice of the redemption of its outstanding equity securities if the gross consideration for the purchase or redemption of such securities during the preceding 12 months, is equal to 10% of the company's net worth. The Federal Reserve Board may disapprove such a purchase or redemption if it determines that the purchase or redemption is not in the best interests of the company, in light of the law, regulation, Federal Reserve Board order, directive or any condition imposed by, or written agreement with, the Federal Reserve Board. This requirement does not apply to bank holding companies that are well-capitalized, received one or more favorable ratings from their last examination and are not the subject of any unresolved supervisory issues.

The Sarbanes-Oxley Act of 2002 implemented legislative reforms intended to address corporate and financial reporting issues. The Act restricts the scope of services that may be provided by accounting firms to their public company audit clients. The Act also requires that a public company audit client will require pre-approval by the company's audit committee. The Sarbanes-Oxley Act requires chief executive officers and chief financial officers, or their equivalents, to certify the accuracy of financial reports filed with the Securities and Exchange Commission, subject to civil and criminal penalties if the certification requirement is violated.

Under the Sarbanes-Oxley Act, bonuses issued to top executives before restatement of a company's financial statements are subject to disgorgement if such restatement was due to corporate misconduct. Executives are also prohibited from trading securities during blackout periods and loans to company executives (other than loans by financial institutions) are restricted. The legislation accelerates the time frame for disclosures by public companies of changes in control of securities by directors and executive officers.

The Sarbanes-Oxley Act also increases the oversight of, and codifies certain requirements relating to, the relationship between a company and how they interact with the company's registered public accounting firm. Among other requirements, the Act requires that at least one member of the audit committee is a financial expert (as such term is defined by the Securities and Exchange Commission), not, why not. Although Central has incurred additional expense in complying with the provisions of the Act and the resulting regulations, management does not believe that such compliance has had a material impact on Central's financial condition.

Pursuant to Section 404 of the Sarbanes-Oxley Act, Central is required to report on its assessment of the effectiveness of internal controls over financial reporting during the fiscal year ending March 31, 2012. Central has performed reviews of its internal controls over financial reporting during the fiscal year ended March 31, 2012, and believes that such internal controls are effective. Central is considered a smaller reporting company with the SEC and is not required to comply with Section 404(b) of the Sarbanes-Oxley Act requirements regarding external auditor attestation of internal controls over financial reporting.

Regulation and Supervision of Central Bank

General. Central Bank is subject to extensive regulation by the Massachusetts Commissioner of Banks. The lending activities and other investments of Central Bank must comply with various regulatory requirements. The Commissioner periodically examines Central Bank for compliance with these requirements. Central Bank must file reports with the FDIC describing its activities and financial condition. Central Bank is also subject to certain reserve requirements imposed by the Federal Reserve Board. This supervision and regulation is intended primarily for the protection of depositors.

Massachusetts State Law. As a Massachusetts-chartered co-operative bank, Central Bank is subject to the provisions of Massachusetts law and the regulations of the Commissioner. Central Bank derives its lending and investment activities from its business and is subject to periodic examination and reporting.

Table of Contents

requirements by and of the Commissioner. Certain powers granted under Massachusetts law may be co-ordinated. In addition, Central Bank is required to make periodic reports to the Co-operative Central Bank. The approval is required prior to any merger or consolidation, or the establishment or relocation of any branch office. Massachusetts law grants to the enforcement authority of the Commissioner who may suspend or remove directors or officers, is to appoint conservators or receivers in appropriate circumstances. Co-operative banks are required to pay the Commissioner to fund that office's operations. The cost of state examination fees and assessments for Central Bank totaled \$52 thousand.

Capital Requirements. Under FDIC regulations, state-chartered banks that are not members of the Federal Reserve System maintain a minimum leverage capital requirement consisting of a ratio of Tier 1 capital to total assets of at least 6%. An institution is not anticipating or experiencing significant growth and has well-diversified risk, including excellent asset quality, high liquidity, good earnings and, in general, a strong banking organization, rating of "1" in the Financial Institutions Rating System (the CAMELS rating system) established by the Federal Reserve System. For all but the most highly-rated institutions meeting the conditions set forth above, the minimum leverage ratio of Tier 1 capital is the sum of common stockholders' equity, noncumulative perpetual preferred stock (including minority interests in consolidated subsidiaries, minus all intangible assets (other than certain mortgage loans) and purchased credit card relationships) minus identified losses, disallowed deferred tax assets, investments in certain non-financial equity investments.

In addition to the leverage ratio (the ratio of Tier 1 capital to total assets), state-chartered nonmember banks are required to maintain a ratio of qualifying total capital to risk-weighted assets of at least 8%, of which at least half must be Tier 1 capital. Qualifying total capital consists of Tier 1 capital plus Tier 2 or supplementary capital items. Tier 2 capital items include allowance for loan losses up to 1.25% of risk-weighted assets, cumulative preferred stock and preferred stock with a maturity of less than 5 years, debt, certain other capital instruments, and up to 45% of pre-tax net unrealized holding gains on equity investments. Tier 2 capital cannot exceed the institution's Tier 1 capital. Qualifying total capital is further reduced by certain intangible assets in banking and finance subsidiaries that are not consolidated for regulatory capital purposes, reciprocal agreements, and assets issued by other banks, most intangible assets and certain other deductions. Under the FDIC risk-weighting system, off-balance sheet assets and the credit equivalent amounts of certain off-balance sheet items are assigned to one of five risk-weight categories from 0% to 200%, based on the risks inherent in the type of assets or item. The aggregate dollar amount of off-balance sheet items is multiplied by the risk weight assigned to that category. The sum of these weighted values equals the bank's risk-weighted assets.

At March 31, 2012, Central Bank's ratio of Tier 1 capital to average assets was 8.81%, its ratio of Tier 1 capital to risk-weighted assets was 13.53% and its ratio of total risk-based capital to risk-weighted assets was 14.83%.

Dividend Limitations. Central Bank may not pay dividends on its capital stock if its regulatory capital is less than the amount then required for the liquidation account established for the benefit of certain depositors of Central Bank in the event of conversion to stock form. The approval of the Commissioner is necessary for the payment of any dividends on Central Bank's capital stock for the year combined with retained net profits for the prior two years.

Earnings of Central Bank appropriated to bad debt reserves and deducted for Federal income tax purposes are not available for cash dividends or other distributions to stockholders without payment of taxes at the then current tax rates. Earnings removed from the reserves for such distributions. Central Bank intends to make full use of the earnings for such distributions and not contemplate use of any earnings in a manner which would limit Central Bank's bad debt deduction.

Table of Contents

Under FDIC regulations, Central Bank is prohibited from making any capital distributions if, after making such distribution, Central Bank would be undercapitalized within the meaning of the Prompt Corrective Action regulations. See Regulation K, Section 302.10, Central Bank Prompt Corrective Regulatory Action.

Investment Activities. Under federal law, all state-chartered FDIC-insured banks have generally been prohibited from making equity investments of the type and in the amount authorized for national banks, notwithstanding state law. The Gramm-Leach-Bliley Corporation Improvement Act and the FDIC permit exceptions to these limitations. For example, state-chartered Central Bank, may, with FDIC approval, continue to exercise grandfathered state authority to invest in common stock listed on a national securities exchange or the NASDAQ Global Market and in the shares of an investment company. In addition, the FDIC is authorized to permit institutions that meet all applicable capital requirements to continue to make equity investments that do not meet this standard (other than non-subsidiary equity investments) if it is determined that such investments do not pose a significant risk to the Deposit Insurance Fund. All non-subsidiary equity investments made before or approved by the FDIC, must have been divested by December 19, 1996, under a FDIC-approved divestiture plan. Investments made before or approved by the FDIC were grandfathered by the FDIC. Central Bank has received grandfathering authority from the FDIC for investments in and/or registered shares. The maximum permissible investment is 100% of Tier 1 capital, as specified in the FDIC's maximum amount permitted by Massachusetts Banking Law, whichever is less. Such grandfathering authority is subject to the FDIC's determination that such investments pose a safety and soundness risk to Central Bank or if Central Bank undergoes a change in control.

Insurance of Deposit Accounts. Central Bank's deposits are insured up to applicable limits by the Deposit Insurance Fund. The Deposit Insurance Fund is the successor to the Bank Insurance Fund and the Savings Association Insurance Fund. See FDIC's 2006.

Under the FDIC's previous risk-based assessment system, insured institutions were assigned to one of four risk categories based on supervisory evaluations, regulatory capital levels and certain other factors, with less risky institutions assigned to the lowest risk category. An institution's assessment rate depends upon the category to which it is assigned and assessment rates range from 0% to 5%. On February 7, 2011, however, the FDIC approved a final rule that implemented changes to the deposit insurance assessment system mandated by the Dodd-Frank Act. The final rule, which took effect for the quarter beginning April 1, 2011, requires that deposit insurance assessments are charged be revised from one that is based on domestic deposits to one that is based on consolidated total assets minus average tangible equity. Under the final rule, insured depository institutions will be required to calculate average consolidated total assets on a daily basis, using the regulatory accounting methodology established in the final rule. For purposes of the final rule, tangible equity is defined as Tier 1 capital.

The FDIC may adjust rates uniformly from one quarter to the next, except that no adjustment can deviate from the base scale without notice and comment rulemaking. No institution may pay a dividend if in default of any of its obligations.

The FDIC imposed on all insured institutions a special emergency assessment of five basis points of total assets (capped at ten basis points of an institution's deposit assessment base), in order to cover the cost of the special assessment. That special assessment was collected on September 30, 2009. The FDIC provided for similar assessments for the first quarter of 2009, if deemed necessary. However, in lieu of further special assessments, the FDIC required insured institutions to make quarterly risk-based assessments for the fourth quarter of 2009 through the fourth quarter of 2012. The special assessments, which include an assumed annual assessment base increase of 5%, were recorded as a prepaid expense asset on the balance sheet as of December 31, 2009, and each quarter thereafter, a charge to earnings will be recorded for each regular assessment and credited to the prepaid asset.

Table of Contents

Due to the recent difficult economic conditions, deposit insurance per account owner has been raised to \$250,000 until January 1, 2014. In addition, the FDIC adopted an optional Temporary Liquidity Guarantee Program (TLGP) under which noninterest-bearing transaction accounts would receive unlimited insurance coverage until June 30, 2012, or December 31, 2012. The TLGP also included a debt component under which certain senior unsecured debt of bank holding companies between October 13, 2008 and October 31, 2009 would be guaranteed by the FDIC until December 31, 2012. Central Bank opted to participate in the unlimited noninterest-bearing transaction account insurance program. Central Bank and Company also opted to participate in the unsecured debt guarantee program.

In addition to the assessment for deposit insurance, institutions are required to make payments on bonds to the Federal Financing Corporation to recapitalize a predecessor deposit insurance fund. This payment is established by statute. For the year ended March 31, 2012 averaged 8 basis points of average consolidated total assets.

The FDIC has authority to increase insurance assessments. A significant increase in insurance assessments could have a negative effect on the operating expenses and results of operations of Central Bank. Management cannot predict the effect of such an increase on the future.

Insurance of deposits may be terminated by the Federal Deposit Insurance Corporation upon a finding that the institution is unsafe or unsound practices, is in an unsafe or unsound condition to continue operations or has violated an order or condition imposed by the FDIC. The management of Central Bank does not know of any practices that could lead to termination of deposit insurance.

All Massachusetts chartered co-operative banks are required to be members of the Share Insurance Fund. The Fund maintains a deposit insurance fund which insures all deposits in member banks which are not covered by the FDIC. A premium of 1/24 of 1% of insured deposits has been assessed annually on member banks such as Central Bank. However, no premium has been assessed in recent years.

Prompt Corrective Regulatory Action. Federal banking regulators are required to take prompt corrective action if an institution fails to satisfy certain minimum capital requirements, including a leverage limit, a risk-based capital measure deemed appropriate by the federal banking regulators for measuring the capital adequacy of an institution, regardless of their capital levels, are restricted from making any capital distribution or payment if the institution would thereafter fail to satisfy the minimum levels for any of its capital requirements. An institution that is undercapitalized may be: (i) subject to supervision by an appropriate federal banking regulator; (ii) required to submit an acceptable capital restoration plan with growth limits; and (iv) required to obtain prior regulatory approval for acquisitions, branching and new services. An acceptable capital restoration plan must include a guarantee by the institution's holding company that the institution will remain adequately capitalized on average for four consecutive quarters, under which the holding company would guarantee the institution's total assets or the amount necessary to bring the institution into capital compliance as set forth in the capital restoration plan. A significantly undercapitalized institution, as well as any undercapitalized institution, may be subject to regulatory demands for recapitalization, broader restrictions on transactions with affiliates, limitations on interest rates paid on deposits, asset growth and other activities, and restrictions on capital distributions by any bank holding company controlling the institution. The institution may also be required to divest the institution or the institution could be required to divest its assets. Officers of a significantly undercapitalized institution may not receive bonuses or increases in compensation.

Table of Contents

approval and the institution is prohibited from making payments of principal or interest on its subordinated debt. The federal banking regulators may also impose the foregoing sanctions on an undercapitalized institution if corrective actions are necessary to carry out the purposes of the prompt corrective provisions.

Under the implementing regulations, the federal banking regulators generally measure an institution's capital adequacy by its total risk-based capital ratio (the ratio of its total capital to risk-weighted assets), Tier 1 risk-based capital ratio (the ratio of its Tier 1 capital to risk-weighted assets) and leverage ratio (the ratio of its core capital to adjusted total assets). The following table sets forth the minimum ratios required for the various prompt corrective action categories:

	Well Capitalized	Adequately Capitalized	Undercapitalized
Total risk-based capital ratio	10.0% or more	8.0% or more	Less than 8.0%
Tier 1 risk-based capital ratio	6.0% or more	4.0% or more	Less than 4.0%
Leverage ratio	5.0% or more	4.0% or more*	Less than 4.0%

* 3.0% if the institution has a composite 1 CAMELS rating.
 If an institution's capital falls below the critically undercapitalized level, it is subject to conservatory measures. A critically undercapitalized institution is defined as an institution that has a ratio of tangible equity to risk-weighted assets of less than 3.0%. Tangible equity is defined as core capital plus cumulative perpetual preferred stock (and related surplus) and certain purchased mortgage servicing rights. The FDIC may reclassify a well capitalized depository institution as undercapitalized if it may require an adequately capitalized or undercapitalized institution to comply with the supervisory actions of the next lower capital category (but may not reclassify a significantly undercapitalized institution as critically undercapitalized). The FDIC determines, after notice and an opportunity for a hearing, that the savings institution is in an unsafe or sound condition if the institution has received and not corrected a less-than-satisfactory rating for any CAMELS rating category.

Loans to Executive Officers, Directors and Principal Stockholders. Loans to directors, executive officers and principal stockholders of a state non-member bank like Central Bank must be made on substantially the same terms as those prevailing for loans made to persons who are not executive officers, directors, principal stockholders or employees of Central Bank. Loans to directors, executive officers and principal stockholders pursuant to a compensation or benefit plan that is widely available to employees and does not favor individual directors and principal stockholders, together with all other outstanding loans to such person and related parties, may not exceed 15% of the bank's unimpaired capital and surplus, and aggregate loans to all such persons may not exceed 10% of the bank's unimpaired capital and surplus. Loans to directors, executive officers and principal stockholders, and their related parties, may not exceed the greater of \$25,000 or 5% of capital and surplus (and any loans or loans aggregating \$500,000 or more to a majority of the board of directors of the bank with any interested director not participating in the vote). Loans to directors and executive officers are generally prohibited from paying the overdrafts of any of their executive officers or directors unless paid under a pre-authorized interest-bearing extension of credit plan that specifies a method of repayment or transfer to the bank. Loans to executive officers are restricted as to type, amount and terms of credit. Massachusetts law restricts lending to directors and officers which are, in some cases, stricter than federal law. In addition, federal law restricts lending to executive officers, directors and greater than 10% stockholders of a depository institution by any other person in connection with a banking relationship with the institution, unless such extension of credit is on substantially the same terms as those prevailing in comparable transactions with other persons and does not involve more than the normal risk of repayment or default on features.

Table of Contents

Transactions with Affiliates. A state non-member bank or its subsidiaries may not engage in covered transactions with an affiliate of the bank or subsidiary of the bank for an amount greater than 10% of such bank's capital stock and surplus, and for all such transactions with an affiliate of the bank or subsidiary of the bank is limited to an amount equal to 20% of capital stock and surplus. All such transactions must also be on terms at least as favorable, to the bank or subsidiary as those provided to a non-affiliate. The term "covered transactions" includes the purchase of assets, issuance of a guarantee and similar other types of transactions. Specified collateral transactions such as loans and guarantees issued on behalf of an affiliate. An affiliate of a state non-member bank is any company which controls or is under common control with the state non-member bank and, for purposes of the act, includes any subsidiary that would be deemed a financial subsidiary of a national bank. In a holding company of a state non-member bank (such as Central) and any companies which are controlled by such holding company or any affiliates of the state non-member bank. Federal law further prohibits a depository institution from extending credit, or services, or fixing or varying the consideration for such extension of credit or service, on the condition that the institution or certain of its affiliates or not obtain services of a competitor of the institution, except for limited exceptions.

Enforcement. The FDIC has extensive enforcement authority over insured non-member banks, including the authority to assess civil money penalties, to issue cease and desist orders, and to remove directors and officers. In general, these enforcement actions may be initiated in response to violations of laws and regulations and unsafe practices.

The FDIC has authority under federal law to appoint a conservator or receiver for an insured bank and, if necessary, to require, with certain exceptions, to appoint a receiver or conservator for an insured state non-member bank that is undercapitalized on average during the calendar quarter beginning 270 days after the date on which the bank was determined to be undercapitalized. See Prompt Corrective Regulatory Action. The FDIC may also appoint itself as conservator or receiver for a non-member institution under specific circumstances on the basis of the institution's financial condition, including: (1) insolvency; (2) substantial dissipation of assets or earnings through violations of laws and regulations; (3) existence of an unsafe or unsound condition to transact business; and (4) insufficient capital, or the institution has exhausted substantially all of the institution's capital with no reasonable prospect of replenishment without federal assistance.

Federal Reserve System. The Federal Reserve Board regulations require depository institutions to maintain reserves against their transaction accounts (primarily NOW and regular checking accounts). The Federal Reserve Board regulations provide that reserves be maintained against aggregate transaction accounts as follows: for that portion of the aggregate transaction accounts up to \$71.0 million less an exemption of \$11.5 million (which may be adjusted annually by the Federal Reserve Board); for accounts greater than \$71.0 million, the reserve requirement is 10% (which may be adjusted annually by the Federal Reserve Board between 8% and 14%) of the portion in excess of \$11.5 million. Central Bank is in compliance with these requirements.

Community Reinvestment Act. Under the Community Reinvestment Act, as implemented by FDIC regulations, a depository institution has a continuing and affirmative obligation consistent with its safe and sound operation to help meet the credit needs of its community, including low and moderate-income neighborhoods. The Community Reinvestment Act does not impose specific requirements or programs for financial institutions nor limits an institution's discretion to develop the programs that the institution believes are best suited to its particular community. The Community Reinvestment Act requires the FDIC, in the course of an examination of an institution, to assess the institution's record of meeting the credit needs of its community. The Community Reinvestment Act requires the FDIC to assign a Community Reinvestment Act rating. Central Bank's latest Community Reinvestment Act rating received is "Satisfactory".

Table of Contents

Central Bank is also subject to similar obligations under Massachusetts Law. The Massachusetts Commissioner of the Massachusetts Banking Commissioner to consider a bank's Massachusetts Community Reinvestment Act application to engage in certain transactions, including mergers, asset purchases and the establishment of new branches, and provides that such assessment may serve as a basis for the denial of such application. Central Bank's Community Reinvestment Act rating received from the Massachusetts Division of Banks was High Standard.

Federal Home Loan Bank System. Central Bank is a member of the Federal Home Loan Bank system of Federal Home Loan Banks. The Federal Home Loan Banks provide a central credit facility primarily for the benefit of funds for certain other purposes including affordable housing programs. Central Bank, as a member of the Federal Home Loan Bank of Boston (FHLB of Boston), is required to acquire and hold shares of capital stock in the FHLB of Boston in accordance with this requirement with an investment in FHLB of Boston stock at March 31, 2012 of \$8.2 million.

During February 2012, the FHLB of Boston declared a dividend based upon average stock outstanding. The FHLB of Boston's board of directors anticipates that it will continue to declare modest cash dividends. However, adverse events such as negative trend in credit losses on the Federal Home Loan Bank of Boston's primary mortgage portfolio, a meaningful decline in income, or regulatory disapproval could lead to reconsideration of the dividend.

For the years ended March 31, 2012, 2011 and 2010, cash dividends from the Federal Home Loan Bank of Boston amounted to \$29 thousand, \$6 thousand and \$0 respectively. Further, there can be no assurance that the passage of or future legislation on the Federal Home Loan Banks will not also cause a decrease in the value of the shares held by Central Bank.

Employees

At March 31, 2012, Central and Central Bank employed 89 full-time and 33 part-time employees. Central Bank is not represented by any collective bargaining agreement. Management of Central and Bank considers its relationship with its employees to be positive.

Table of Contents**Properties**

Central Bank owns all its offices, except the Burlington, Malden and Woburn High School branch office center located in Somerville and the branch and operations center located in Medford. Net book value and improvements as well as leasehold improvements, net of depreciation and amortization and totaled March 31, 2012, all of Central Bank's offices were in reasonable condition and met the business needs sets forth the location of Central Bank's offices, as well as certain information relating to these offices:

Office Location	Year Opened
<i>Main Office</i>	
399 Highland Avenue Somerville, MA (owned)	1974
<i>Branch Offices:</i>	
175 Broadway Arlington, MA (owned)	1982
85 Wilmington Road Burlington, MA (leased)	1978(a)
1192 Boylston Street Chestnut Hill (Brookline), MA (owned)	1954
137 Pleasant Street Malden, MA (leased)	1975(b)
846 Main Street Melrose, MA (owned)	1994
275 Main Street Woburn, MA (owned)	1980
198 Lexington Street Woburn, MA (owned)	1974
Woburn High School Woburn, MA (leased)	2002(c)
<i>Stand-Alone ATM</i>	
94 Highland Avenue Somerville, MA (leased)	2004(d)
<i>Loan Center</i>	
	2002(e)

401 Highland Avenue

Somerville, MA (leased)

Operations Center/Branch Office

270 Mystic Avenue

Medford, MA (leased)

2006(f)

- (a) The lease for the Burlington branch expires October 31, 2012 with one five-year renewal option.
- (b) The lease for the Malden branch expires August 31, 2015.
- (c) The lease for the Woburn High School branch is for one year, renewable annually on an automatic basis.
- (d) The lease for the stand-alone ATM expires November 30, 2013 with two three-year renewal options.
- (e) The lease for the Commercial Loan Center expires May 1, 2016 with two five-year renewal options.
- (f) The lease for the combined Medford branch and Operations Center expires February 28, 2016 with one five-year renewal option.

Table of Contents

Legal Proceedings

Periodically, there have been various claims and lawsuits involving Central, such as claims to enforce properties in which Central holds security interests, claims involving the making and servicing of real incident to its business. Central is not party to any pending legal proceedings that Central believes would affect its financial condition, results of operations or cash flows.

Central Quarterly Results of Operations *(In Thousands, Except Per Share Data)*

The following tables summarize Central's operating results on a quarterly basis for the years ended March 31, 2014 and March 31, 2013.

	First	Second
Interest and dividend income	\$ 5,583	\$ 5,812
Interest expense	1,615	1,612
Net interest and dividend income	3,968	4,199
Provision for loan losses	500	315
Noninterest income	905	515
Noninterest expenses	4,045	4,112
Income (loss) before income taxes	328	272
Income tax provision (benefit)	92	-
Net income	\$ 236	\$ 272
Net income (loss) available (attributable) to common stockholders	\$ 80	\$ (2)
Earnings (loss) per common share - basic	\$ 0.05	\$ (0.01)
Earnings (loss) per common share - diluted	\$ 0.05	\$ (0.01)

	First	Second
Interest and dividend income	\$ 6,845	\$ 6,812
Interest expense	2,210	2,212
Net interest and dividend income	4,635	4,599
Provision for loan losses	300	315
Noninterest income	528	515
Noninterest expenses	3,752	3,712
Income before income taxes	1,111	1,087
Income tax provision	372	-
Net income	\$ 739	\$ 1,087
Net income available to common stockholders	\$ 585	\$ 1,087
Earnings per common share - basic	\$ 0.39	\$ 0.50

Earnings per common share diluted

\$ 0.37 \$ 0

- (1) The sum of the quarters may not equal the year-to-date results due to rounding in the various quarters.

Table of Contents

Central Management's Discussion and Analysis of Financial Condition and Results of Operations

General

The operations of Central and its subsidiary, Central Bank, are generally influenced by overall economic and fiscal policies of the federal government and the regulatory policies of financial institution regulators. Central Bank is also subject to the regulatory policies of the Massachusetts Commissioner of Banks, the Federal Reserve Board and the FDIC.

Central Bank monitors its exposure to earnings fluctuations resulting from market interest rate changes. Central Bank has been vulnerable to changing interest rates due to differences in the terms to maturity or repricing of assets and liabilities. For example, in a rising interest rate environment, Central Bank's net interest income and net income could be reduced as interest-sensitive liabilities (deposits and borrowings) could adjust more quickly to rising interest rates than interest-sensitive assets (loans and investments).

The following is a discussion and analysis of Central's results of operations for the last two fiscal years. This discussion is for fiscal years 2012 and 2011. Central management's discussion and analysis of financial condition and results of operations is in conjunction with the consolidated financial statements and accompanying notes included in this prospectus.

Application of Critical Accounting Policies

Central management's discussion and analysis of Central's financial condition and results of operations is based on the consolidated financial statements which are prepared in accordance with accounting principles generally accepted in the United States. The preparation of such financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. On an ongoing basis, management evaluates its estimates, including those related to the allowance for loan losses, fair value of investments and other real estate owned, taxes, impairment of goodwill, valuation of other real estate owned and valuation of stock options and restricted stock, *Compensation* and other equity based instruments. Accounting policies involving significant judgment are those which have, or could have, a material impact on the carrying value of certain assets and impact income. Central considers the allowance for loan losses, fair value of other real estate owned, fair value of investments and other real estate owned, other-than-temporary impairment, income taxes, accounting for goodwill and impairment, and stock-based compensation as critical accounting policies. There have been no significant changes in the methods or assumptions used in the preparation of these financial statements. Actual results could differ from the amount derived from management's estimates and assumptions under different assumptions or conditions.

Allowance for Loan Losses. The allowance for loan losses is maintained at a level determined to be adequate to absorb probable losses based on an evaluation of known and inherent risks in the portfolio. This allowance is increased by operating expense and by recoveries on loans previously charged-off, and reduced by charge-offs on loans not fully covered by the allowance credited to operating expense.

Central Bank provides for loan losses in order to maintain the allowance for loan losses at a level that is adequate to absorb probable losses based on an evaluation of known and inherent risks in the portfolio. In determining the allowance for loan losses, management considers past and anticipated loss experience, evaluations of the condition of the borrower, prevailing economic conditions, the nature and volume of the loan portfolio, and other classified loans. The amount of the allowance is based on estimates and ultimate losses may vary from the amount of the allowance. Management assesses the allowance for loan losses on a quarterly basis and provides for loan losses monthly when necessary to maintain the allowance.

Table of Contents

Regarding impaired loans, Central Bank individually evaluates each loan and documents what management believes the appropriate reserve level in accordance with ASC 310. If management does not believe that any separate reserve for the evaluation date, it would continue to be evaluated separately and will not be returned to be included in the *Contingencies* (ASC 450) formula based reserve calculation. In evaluating impaired loans, all related values, selling and resolution costs are taken into consideration in determining the level of reserves required.

The methodology employed in calculating the allowance for loan losses is portfolio segmentation. For each portfolio, this is further refined through stratification within each segment based on loan-to-value (LTV) ratios. The portfolio is segmented by type of properties securing those loans. This approach allows Central Bank to take into account changes in value of sectors of the real estate market change value at differing rates and thereby present different risk levels. The following categories:

- Apartment
- Offices
- Retail
- Mixed Use
- Industrial/Other

CRE loans are segmented using the above collateral-types and three LTV ratio categories: <40%, 40%-60%, and >60%. These ratios are subjective, management feels that each category represents a significantly different degree of risk. Higher LTV ratios are assigned incrementally higher ASC 450 reserve rates. Annually, for the CRE portfolio, management obtains appraised values which are used to calculate LTV ratios in our allowance for loan losses calculation. The appraiser and it indicates annual changes in value for each property type in Central Bank's market area. Management then adjusts the appraised or most recent appraised values based on the year the appraisal was made. The adjustments are appropriate based on Central Bank's own experience with collateral values in its market area in recent years. For loan loss methodology with respect to CRE, unfavorable trends in the value of real estate will increase the allowance for loan losses.

In developing ASC 450 reserve levels, recent regulatory guidance focuses on Central Bank's charge-off history. Central Bank's charge-off history in recent years has been minimal; therefore, management continues to utilize LTV ratios which are believed to be appropriate. Those ratios are then adjusted based on trends in delinquent and charge-offs and recoveries, trends in underwriting practices, experience of loan staff, national and local economic conditions, and changes in credit concentrations. There is a concentration in CRE loans, but the concentration is being reduced. Efforts to reduce the levels of commercial real estate and construction loans are reflected in changes in the concentration ratio, which is calculated as total non-owner occupied commercial real estate and construction loans divided by risk-based capital. At March 31, 2012, the commercial real estate concentration ratio was 286%, compared to 311% at March 31, 2011, and 466% at March 31, 2010.

Residential loans, home equity loans and consumer loans, other than trouble debt restructuring (TDR) loans, are collectively evaluated for impairment. Factors considered in determining reserve levels are trends in delinquent and impaired loans, changes in the value of collateral, trends in charge-offs and recoveries, underwriting practices, experience of loan staff, national and local economic trends, industry conditions, and credit concentrations. TDRs and loans that are in the process of foreclosure or repossession are evaluated under ASC 310.

Commercial and industrial and construction loans that are not impaired are evaluated under ASC 450. The appropriate reserve levels include trends in delinquent and impaired loans,

Table of Contents

changes in the value of collateral, trends in charge-offs and recoveries, trends in underwriting practices and local economic trends, industry conditions, and changes in credit concentrations. Those loans that impairment are evaluated according to ASC 310.

During the year ended March 31, 2012, management changed the various ASC 450 loss factors, specific delinquencies and impaired loans, changes in collateral values, charge-offs and recoveries, and trends in conditions among the different loan types. As a result of these factor changes, the impact to the allowance for ASC 450 reserves of approximately \$372 thousand.

Although management uses available information to establish the appropriate level of the allowance for loan losses, reductions to the allowance may be necessary based on estimates that are susceptible to change as a result of volume, changes in economic market area conditions or other factors. As a result, our allowance for loan losses to cover actual loan losses, and future provisions for loan losses could materially adversely affect Central Bank's results. Various regulatory agencies, as an integral part of their examination process, periodically review Central Bank's allowance. Regulatory agencies may require Central to recognize adjustments to the allowance based on their judgments about the adequacy of the allowance at the time of their examination. Management currently believes that there are adequate reserves and collateral to cover losses that may result from these loans at March 31, 2012.

In the ordinary course of business, Central Bank enters into commitments to extend credit, commercial letters of credit. Such financial instruments are recorded in the consolidated financial statements when they become irrevocable. The carrying amount of these commitments is evaluated in a manner similar to the allowance for loan losses. Total commitments is included in other liabilities in the balance sheet. At March 31, 2012, the reserve for unfunded commitments is not significant.

Loans. Loans that management has the intent and ability to hold for the foreseeable future are reported at amortized cost, adjusted by unamortized discounts, premiums, and net deferred loan origination costs and fees.

Loans classified as held for sale are stated at the lower of aggregate cost or fair value. Fair value is estimated based on the fair value of the loans and commitments. Net unrealized losses, if any, are provided for in a valuation allowance by charges to operations. Forward loan sale commitments (generally on a best efforts delivery basis) to sell loans held for sale in order to reduce net interest income from the origination of such loans. Loans held for sale are sold on a servicing released basis. As of March 31, 2012, there were no loans held for sale.

Mortgage loan commitments that relate to the origination of a mortgage that will be held for sale upon completion of the loan instruments. Loan commitments that are derivatives are recognized at fair value on the consolidated balance sheet and other liabilities with changes in their fair values recorded in noninterest income.

Central carefully evaluates all loan sales agreements to determine whether they meet the definition of a derivative. In certain circumstances may differ significantly. If agreements qualify, to protect against the price risk inherent in the derivative, Central generally uses best efforts forward loan sale commitments to mitigate the risk of potential losses that would result from the exercise of the derivative loan commitments. Forward loan sale commitments are recorded in the consolidated balance sheet in other assets and liabilities with changes in their fair values recorded in noninterest income. As of March 31, 2012, the fair value of forward loan sale commitments was not material.

Table of Contents

Loan origination fees, net of certain direct loan origination costs, are deferred and are amortized into income over the life of the loan term using the level-yield method. At March 31, 2012 and 2011, net deferred loan fees of \$91 thousand and \$23 thousand, respectively, were included with the related loan balances for financial presentation purposes.

Interest income on loans is recognized on an accrual basis using the simple interest method only if deemed collectible. Loans on which accrual of interest has been discontinued are designated as nonaccrual loans. Accrual of interest on loans is discontinued when loan fees or costs are discontinued either when reasonable doubt exists as to the full and timely collection of principal or when a loan becomes contractually past due 90 days with respect to interest or principal. The accrual on some loans is resumed, though they are more than 90 days past due if management deems it appropriate, provided that the loan is placed on nonaccrual status of collection. When a loan is placed on nonaccrual status, all interest previously accrued but not collected is reversed against interest income. Interest accruals are resumed on such loans only when they are brought fully current and when, in the judgment of management, the loans are estimated to be fully collectible as to both principal and interest. Management records interest income on nonaccrual and impaired loans on the cash basis of accounting.

Loans are classified as impaired when it is probable that Central Bank will not be able to collect all amounts due according to the contractual terms of the loan agreement. Impaired loans, except those loans that are accounted for at fair value such as loans held for sale, are accounted for at the present value of the expected future cash flows discounted at the interest rate or as a practical expedient in the case of collateral dependent loans, the lower of the fair value less costs to sell, or other costs, or the recorded amount of the loan. In evaluating collateral values for impaired loans, management may obtain independent opinions of value when deemed necessary and may discount those appraisals depending on the likelihood of sale. Other considerations by management when discounting appraisals are the age of the appraisal, availability of comparable sales, and property type. Management considers the payment status, net worth and earnings power of the borrower, and the value and cash flow of the collateral as factors to determine if a loan will be paid in accordance with its terms. Management does not set any minimum delay of payments as a factor in reviewing for impairment classification. For troubled debt restructurings, management believes that the collectability of a portion or all of the loan's principal balance is remote. Troubled debt restructurings, except for certain nonaccrual residential and consumer loans, are not classified as impaired. However, all TDRs are classified as impaired. A TDR occurs when Central Bank grants a concession to a borrower with financial difficulties that it would not otherwise make. The majority of TDRs involve a modification in loan terms such as a temporary reduction in the interest rate, a deferral of principal payments, and escrow (if required). TDRs are accounted for as set forth in ASC 310 *Receivables* (ASC 310-10-35) until the borrower successfully performs under the new terms for at least six consecutive months. However, in those instances where a borrower's payments are current and management determines that principal and interest under the new terms are fully collectible, the TDR is no longer classified as impaired.

Existing performing loan customers who request a non-TDR loan modification and who meet Central Bank's criteria usually for a fee, modify their original loan terms to terms currently offered. The modified terms of the loan are the same as those offered to new customers with similar credit, income, and collateral. The fee assessed for modifying the terms of the loan over the life of the modified loan using the level-yield method and is reflected as an adjustment to interest income. Each modification is examined on a loan-by-loan basis and if the modification of terms represents more than a minor change to the loan, the balance of the pre-modification deferred fees or costs associated with the mortgage loan are recognized as income at the time of modification. If the modification of terms does not represent more than a minor change to the loan, the pre-modification deferred fees or costs continue to be deferred and amortized over the remaining life of the loan.

Income Taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the accounting basis and the tax basis of Central Bank's assets and liabilities. Deferred tax

Table of Contents

assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year the differences are expected to be realized or settled. Central Bank's deferred tax asset is reviewed periodically and is recognized as deferred income tax expense or benefit based on management's judgments relating to the

Accounting for Goodwill and Impairment. ASC 350, Intangibles—Goodwill and Other, (ASC 350) requires the measurement of goodwill and other intangible assets having indefinite lives acquired in a business combination. ASC 350 requires periodic impairment evaluations of goodwill using a fair value methodology. In accordance with ASC 350, Central does not amortize the goodwill balance of \$2.2 million and Central consists of performing impairment testing is required at least annually or more frequently as a result of an event or change in circumstance (including the acquired entity) that would indicate an impairment adjustment may be necessary. Central adopted the fair value method for annual impairment testing was performed during each year and in each analysis, it was determined that the fair value method is required. The most recent testing was performed as of December 31, 2011 utilizing average earnings and assets multiples of sales transactions of banks considered to be comparable to Central, and management determined the fair value at that date. Management utilized 2011 sales transaction data of financial institutions in the New England region to determine net income, and return on average assets levels and management feels that the overall assumptions utilized are reasonable. During the December 31, 2011 impairment testing, management also considered utilizing book value but concluded that it was not an appropriate measure of Central's value due to the overall depressed valuation of the stock. The significance of Central's insider ownership and the lack of volume in trading in Central's shares of common stock lead management to believe that this measure generally reflects the premium that a buyer would typically pay for a controlling interest during the three months ended March 31, 2012 which indicate that the impairment test would need to be

Investments. Debt securities that management has the positive intent and ability to hold to maturity are reported at cost, adjusted for amortization of premiums and accretion of discounts, both computed by the effective yield method. Debt and equity securities that are bought and held principally for the purpose of resale are classified as trading and reported at fair value, with unrealized gains and losses included in earnings. Debt securities classified as either held-to-maturity or trading are classified as available for sale and reported at fair value. Losses determined by management to be temporary excluded from earnings and reported as a separate component of other comprehensive income. At March 31, 2012 and 2011, all of Central Bank's investment securities were

Gains and losses on sales of securities are recognized when realized with the cost basis of investments determined on a specific-identification basis. Premiums and discounts on investment and mortgage-backed securities are amortized over the income over the actual or expected lives of the securities using the level-yield method.

If a decline in fair value below the amortized cost basis of an investment is judged to be other-than-temporary, the investment is written down to fair value as a new cost basis. For debt securities, when Central Bank determines it is more-likely-than-not that Central Bank will not have to sell the security before recovery of its cost basis, the loss component of an other-than-temporary impairment loss in earnings, and the remaining portion in other comprehensive income. The loss component recognized in earnings is identified as the amount of principal cash flows not expected to be received over the term of the security as estimated based on the cash flows projections discounted at the applicable original

Stock-Based Compensation. Central accounts for stock based compensation pursuant to ASC 718 Compensation—Stock-Based (ASC 718). Central uses the Black-Scholes option pricing model as its method for determining fair value of the stock. Previously adopted two qualified stock

Table of Contents

option plans for the benefit of officers and other employees under which an aggregate of 281,500 shares were reserved. One of these plans expired in 1997 and the other plan expired in 2009. Awards outstanding at the time of expiration remain outstanding according to their terms.

On July 31, 2006, Central's stockholders approved the Central Bancorp, Inc. 2006 Long-Term Incentive Plan. Under the Incentive Plan, 150,000 shares have been reserved for issuance as options to purchase stock, restricted stock, or restricted stock equivalents; however, a maximum of 100,000 restricted shares may be granted under the plan. The exercise price of the options is the fair market value of Central's common stock on the date of grant of the option and may not be exercised until the date of grant. However, awards may become available again if participants forfeit awards under the plan prior to vesting. As of March 31, 2012, no shares remain available for issue under the Incentive Plan.

Forfeitures of awards granted under the Incentive Plan are estimated at the time of grant and revised, if necessary, if actual forfeitures differ from those estimates in order to derive Central's best estimate of awards ultimately vesting. Forfeitures represent only the unvested portion of a surrendered option and are typically estimated based on historical data. Based on Central's historical data, Central applied a forfeiture rate of 0% to stock options outstanding in deterring forfeitures for each of the years ended March 31, 2012 and 2011.

Troubled Asset Relief Program Capital Purchase Program

On August 25, 2011, Central entered into and consummated a letter agreement (the "Repurchase Letter") with the U.S. Department of the Treasury (the "Treasury"), pursuant to which Central redeemed, out of the proceeds of its issuance of new Non-Cumulative Perpetual Preferred Stock, all 10,000 outstanding shares of its Series A Fixed Rate Cumulative Non-Cumulative Preferred Stock (the "Series A Preferred Stock"), for a redemption price of \$10.0 million, plus dividends to the date of redemption. On December 5, 2008, Central sold \$10.0 million in the Series A Preferred Stock to a participant in the federal government's Troubled Asset Relief Program (the "TARP") Capital Purchase Program. The investment represented 2.6% of Central's risk-weighted assets as of September 30, 2008. In connection with the investment, Central entered into a Purchase Agreement and the related Securities Purchase Agreement with the Treasury pursuant to which Central issued the Series A Preferred Stock and a warrant (the "Warrant") to purchase 234,742 shares of Central's common stock for a total of \$10.0 million in cash.

Central subsequently repurchased the Warrant from the Treasury on October 19, 2011 for an aggregate price of \$10.0 million. For additional information, see Note 13 to Central's consolidated financial statements above.

U.S. Treasury Department Small Business Lending Fund

On August 25, 2011, Central entered into and consummated a Securities Purchase Agreement (the "Purchase Agreement") with the U.S. Department of the Treasury, pursuant to which Central issued 10,000 shares of Central's Series A Preferred Stock, Series B (the "Series B Preferred Stock"), having a liquidation amount per share equal to \$10,000,000. The Purchase Agreement was entered into, and the Series B Preferred Stock was issued, pursuant to the Small Business Lending Fund (the "SBLF") program, a fund established under the Small Business Jobs Act of 2010, that provides capital to qualified community banks with assets of less than \$10 billion. Central used the proceeds of the Series B Preferred Stock to redeem shares of the Series A Preferred Stock issued under the TARP Capital Purchase Program. For additional information, see the Company's consolidated financial statements included in this proxy statement/prospectus.

Table of Contents

Results of Operations

Overview. Net income for the twelve months ended March 31, 2012 was \$851 thousand and the net loss to common stockholders for the year ended March 31, 2012 was \$(15) thousand, or \$(0.01) per diluted common share, compared to net income of \$1.7 million and net income available to common stockholders of \$1.1 million, or \$0.68 per diluted common share, for the year ended March 31, 2011. For the twelve months ended March 31, 2012, Central experienced a \$874 thousand decrease in net interest income compared to fiscal 2011. The decline was primarily attributable to the combination of the decrease in net interest income of \$1.3 million, an increase in non-interest expenses of \$418 thousand and an increase in the provision for loan losses of \$300 thousand, partially offset by a decrease in the provision for income taxes of \$855 thousand and an increase in non-interest income of \$2.3 million.

Net interest and dividend income decreased by \$1.3 million, or 7.4%, to \$16.1 million for the year ended March 31, 2012 compared to \$17.4 million for the year ended March 31, 2011 due to the combined effect of a general decline in market interest rates and a decrease in higher-yielding commercial real estate loan balances.

The provision for loan losses increased by \$300 thousand to \$1.4 million during fiscal 2012 from \$1.1 million in fiscal 2011, which was primarily due to increased loan charge offs which totaled \$1.1 million in fiscal 2012 as compared to \$0.8 million in fiscal 2011.

Noninterest income totaled \$2.3 million for the year ended March 31, 2012 compared to \$2.1 million for the year ended March 31, 2011, primarily due to an increase in investment gains and reduced impairment charges in fiscal 2012 as compared to fiscal 2011.

Noninterest expenses totaled \$16.1 million for the year ended March 31, 2012 compared to \$15.7 million for the year ended March 31, 2011. Noninterest expenses increased by \$418 thousand in fiscal 2012 primarily due to a \$787 thousand increase in salaries and benefits, and other non-interest expenses of \$122 thousand which were not incurred in fiscal 2011. The foregoing increase in non-interest expenses was partially offset by declines during the twelve months ended March 31, 2012, as compared to fiscal 2011, in professional fees of \$100 thousand, occupancy and equipment expenses of \$83 thousand, data processing costs of \$65 thousand and marketing expenses of \$50 thousand.

Central recognized an income tax expense of \$91 thousand during fiscal 2012 compared to \$946 thousand for the year ended March 31, 2011, or a rate of 9.7% in fiscal 2012 and 35.4% in fiscal 2011.

Net Interest Rate Spread and Net Interest Margin. Central's and Central Bank's operating results are significantly affected by the net interest rate spread, which is the difference between the yield on loans and investments and the interest rate on deposits and borrowings. The net interest rate spread is affected by economic conditions and market factors that influence interest rates. The net interest margin reflects the relationship of net interest income to interest earning assets and it is calculated as net interest income before the provision for loan losses by average interest earning assets. The net interest spread was 3.25% and 3.50%, respectively, for the fiscal year ended March 31, 2011 to 3.10% and 3.34%, respectively, for the fiscal year ended March 31, 2012 due to several factors. The cost of funds decreased by 24 basis points during fiscal 2012 due to lower average rates paid on deposits resulting from aggressive liability management as some maturing certificates of deposit were renewed or were replaced with lower cost deposits. During the fiscal year ended March 31, 2012, the yield on mortgage loans declined by 39 basis points primarily due to a 52 basis point reduction in interest income on mortgage loans as a result of declines in yield on mortgage loans were decreases in commercial real estate and construction loans as management responded to the current market environment in an effort to reduce risk and increase regulatory capital ratios in accordance with the Basel III requirements and a general decline in the market interest rates on loans.

Table of Contents

The following table presents average balances, interest income and expense and yields earned or rates on interest-bearing liabilities for the years indicated. For purposes of the following table, average loans in

		2012	Years Ended March 31, 2012
	Average Balance	Interest	Average Yield/Cost (Dollars in Thousands)
Assets:			
Interest-earning assets:			
Mortgage loans	\$ 421,889	\$ 21,290	5.05%
Other loans	2,028	109	5.37
Total loans	423,917	21,399	5.05
Short-term investments	19,637	48	0.24
Investment securities	29,941	1,244	4.15
Federal Home Loan Bank stock	8,506	29	0.34
Total investments	58,084	1,321	2.27
Total interest-earnings assets	482,001	22,720	4.71
Allowance for loan losses	(4,196)		
Noninterest-earning assets	26,910		
Total assets	\$ 504,715		
Liabilities and Stockholders Equity:			
Interest-bearing liabilities:			
Deposits	\$ 281,398	1,674	0.59
Other borrowings	11,341	559	4.93
Advances from FHLB of Boston	117,287	4,384	3.74
Total interest-bearing liabilities	410,026	6,617	1.61
Noninterest-bearing deposits	43,993		
Other liabilities	4,551		
Total liabilities	458,570		
Stockholders' equity	46,145		
Total liabilities and stockholders' equity	\$ 504,715		
Net interest and dividend income		\$ 16,103	
Interest rate spread			3.10%
Net yield on interest-earning assets			3.34%

Table of Contents

Rate/Volume Analysis. The effect on net interest income of changes in interest rates and changes in the amount and interest-bearing liabilities is shown in the following table. Information is provided on changes for the year ended March 31, 2012 compared to the year ended March 31, 2011, broken down into changes due to changes in interest rates and changes in volume. Changes due to combined changes in interest rates and changes in volume are shown in the last column. Changes due to combined changes in interest rates and changes in volume are shown proportionally to the change due to volume and the change due to interest rates.

	2012 vs. 2011		
	Changes due to Increase (decrease) in:		
	Volume	Rate	Total (In Millions)
Interest income:			
Mortgage loans	\$ (212)	\$ (2,205)	\$ (2,417)
Other loans	(112)	(5)	(117)
Total income from loans	(324)	(2,210)	(2,534)
Short-term investments	(18)	(5)	(23)
Investment securities	(13)	(38)	(51)
Federal Home Loan Bank stock		23	23
Total income from investments	(31)	(20)	(51)
Total interest and dividend income	(355)	(2,230)	(2,585)
Interest expense:			
Deposits	(51)	(674)	(725)
Other borrowings including short-term advances from FHLB		1	1
Long-term advances FHLB of Boston	(466)	(116)	(582)
Total interest expense	(517)	(789)	(1,306)
Net interest and dividend income	\$ 162	\$ (1,441)	\$ (1,279)

Interest and Dividend Income. Interest and dividend income decreased by \$2.6 million, or 10.2%, to \$1.3 million for the year ended March 31, 2012 compared to \$25.3 million for the year ended March 31, 2011 primarily due to decreases in interest income from loans. The average balance of loans decreased primarily due to decreases in the average balance of construction loans as Central Bank continued to shift its focus from those loan types to originating residential loans. The average balance of residential loans decreased due to higher than expected residential loan payoffs. The average yield on loans decreased as maturities and principal repayments were used to fund deposit withdrawals and repayments. The average yield on short-term investments was 0.24% during the year ended March 31, 2012 as compared to 0.26% for the year ended March 31, 2011. The average yields on these investments are closely tied to the federal funds target rate, which averaged approximately 0.25% for the year ended March 31, 2012 and 2011.

Interest Expense. Interest expense decreased by \$1.3 million, or 16.5%, to \$6.6 million for the year ended March 31, 2012 compared to \$7.9 million for the year ended March 31, 2011. The cost of deposits decreased by 24 basis points from 0.59% for the year ended March 31, 2011 to 0.59% during the year ended March 31, 2012, as some higher-cost certificates of deposit matured. The average balance of lower-costing non-maturity deposits decreased by \$5.4 million to \$19.1 million for the year ended March 31, 2012, as compared to an average balance of \$204.9 million for the year ended March 31, 2011. Home Loan Bank of Boston borrowings decreased by \$12.3 million, from \$129.6 million during the year ended March 31, 2011 to \$117.3 million for the same period of 2012. The decrease in the average cost of these funds was the result of a reduction in the average cost of total borrowings decreased as a portion of these borrowings are adjustable and declined in interest rates, as well as a reduction in average balance, the combination of which lowered the average rate paid on borrowings to 3.74% from the average rate of 3.83% for the year ended March 31, 2011.

Table of Contents

Provision for Loan Losses. Central provides for loan losses in order to maintain the allowance for loan losses. Management's estimate of the allowance for loan losses is adequate to absorb probable losses based on an evaluation of known and inherent risks in the loan portfolio. To determine the appropriate level of the allowance for loan losses, management considers past and anticipated loss experience, the nature and volume of collateral, financial condition of the borrower, prevailing economic conditions, the nature and volume of non-performing and other classified loans. The amount of the allowance is based on estimates and management's judgment. Management assesses the allowance for loan losses on a quarterly basis and provides for loan losses to maintain the adequacy of the allowance. Central uses a process of portfolio segmentation to calculate the allowance at the end of each quarter. Periodically, Central evaluates the allocations used in these calculations. During the year ended March 31, 2011, management performed a thorough analysis of the loan portfolio as well as the required allowance for loan losses impaired under ASC 310 and the allocation percentages used when calculating potential losses under ASC 450. On March 31, 2012, management changed the various ASC 450 loss factors, specifically as it related to troubled debt restructurings, loans, changes in collateral values, charge-offs and recoveries, and trends and conditions related to economic conditions and loan types. As a result of these loss factor changes, increases in ASC 450 reserves of approximately \$3.3 million increased the allowance for loan losses. Based on these analyses, Central recorded a provision of \$1.4 million for the year ended March 31, 2012, compared to a provision for loan losses of \$1.1 million for the year ended March 31, 2011.

Management continues to give high priority to monitoring and managing Central's asset quality. At March 31, 2012, the allowance totaled \$9.0 million as compared to \$9.6 million at March 31, 2011. Of the twenty loans constituting the largest nonaccrual loans secured by real estate collateral that is predominantly located in Central Bank's market area.

Noninterest Income. Noninterest income increased by \$268 thousand from \$2.1 million during the year ended March 31, 2011 to \$2.4 million during the year ended March 31, 2012. The increase was primarily due to investment gains and income of \$136 thousand in fiscal 2012 and totaled \$541 thousand for the year ended March 31, 2012 as compared to \$136 thousand in fiscal 2011. Other than temporary gains of \$588 thousand in fiscal 2012 as compared to \$480 thousand in fiscal 2011 while other than temporary gains of \$344 thousand in fiscal 2012 as compared to \$344 thousand in fiscal 2011. In addition, gains on the sale of other real estate assets of \$2 thousand in fiscal 2012 as compared to \$2 thousand in fiscal 2011. Partially offsetting the aforementioned increase were losses on the sale of loans of \$108 thousand due to decreased loan sale activity and reduced deposit fees of \$44 thousand.

Noninterest Expenses. Noninterest expense increased by \$418 thousand, or 2.7%, to \$16.1 million during the year ended March 31, 2012, compared to \$15.6 million during the year ended March 31, 2011. This increase is due to increases in merger expenses of \$122 thousand along with merger expenses of \$122 thousand which were not incurred in fiscal 2011. The increase was partially offset by a \$83 thousand decrease in occupancy and equipment costs, a \$65 thousand decrease in data processing costs, a decrease in other professional fees, a \$147 thousand decrease in FDIC insurance premiums and a \$49 thousand decrease in other expenses.

Salaries and employee benefits increased by \$787 thousand, or 8.6%, to \$9.9 million during the year ended March 31, 2012, compared to \$9.1 million during the year ended March 31, 2011, primarily due to increases of \$607 thousand in compensation costs (primarily due to the high level of residential closings) and non-deposit investment product sales salaries due to staffing increases, increases in certain retirement and health benefits.

Office occupancy and equipment expenses decreased by \$83 thousand, or 3.9%, to \$2.1 million during the year ended March 31, 2012, compared to \$2.1 million during the year ended March 31, 2011 primarily due to decreases in the amount of depreciation of furniture, fixtures and equipment and decreases for other bank building expenses, partially offset by an increase in computer/network maintenance costs and other security expenses.

Table of Contents

Data processing costs decreased by \$65 thousand, or 7.7%, to \$779 thousand during the year ended March 31, 2012 as compared to \$844 thousand during the year ended March 31, 2011 due to decreases in certain processing costs.

Professional fees decreased by \$293 thousand, or 28.1%, to \$751 thousand during the year ended March 31, 2012 as compared to \$1,044 thousand during the year ended March 31, 2011 primarily due to decreases in loan workout-related expenses, partially offset by higher legal fees.

Merger expenses of \$122 thousand were incurred during the year ended March 31, 2012 as compared to \$0 thousand during the year ended March 31, 2011 as a result of the pending merger with Independent Bank Corp, Inc. announced on May 1, 2012.

FDIC deposit insurance premiums decreased by \$147 thousand to \$414 thousand during the year ended March 31, 2012 as compared to \$561 thousand during the year ended March 31, 2011. This decrease was primarily due to a change in the calculation of the FDIC assessment by the FDIC in April 2011 and lower deposit insurance costs due to declining average balances of deposits.

Advertising and marketing expenses decreased by \$49 thousand to \$144 thousand during the year ended March 31, 2012 as compared to \$193 thousand during the year ended March 31, 2011 as management strategically decided to deemphasize advertising and marketing efforts.

Other expenses increased by \$191 thousand, or 11.2%, to \$1.9 million during the year ended March 31, 2012 as compared to \$1.7 million during the year ended March 31, 2011 primarily as a result of an increase in other telephone expense of \$38 thousand, partially offset by a decrease of \$147 thousand for FDIC insurance assessment and \$16 thousand for other miscellaneous expenses.

Income Taxes. The effective income tax rate for the year ended March 31, 2012 was 9.7% as compared to 35.4% for the year ended March 31, 2011. The difference in the effective tax rate for the two periods was primarily due to year uncertain tax positions and the realization of other deferred tax assets from the sale of investment securities. In addition, the proportion of non-taxable income sources to total pre-taxable income from bank-owned investments and deductions were greater in fiscal 2012 as compared to fiscal 2011. For further information, see Note 8 to the financial statements included in this proxy statement/prospectus.

Comparison of Financial Condition at March 31, 2012 and March 31, 2011

Total assets were \$523.4 million at March 31, 2012 compared to \$487.6 million at March 31, 2011, representing an increase of \$35.8 million, or 7.3%. The increase in total assets reflected strategic actions taken by management to reduce the residential loan portfolio by \$87.2 million and continuing to de-emphasize commercial real estate lending as part of our business plan. Total loans (excluding loans held for sale) were \$448.9 million at March 31, 2012, compared to \$404.2 million at March 31, 2011, representing an increase of \$54.7 million, or 13.9%. This increase was primarily due to increase in commercial real estate loans of \$100.0 million, partially offset by decreases in commercial real estate loans of \$31.9 million. Residential and home equity loans decreased from \$1.1 million at March 31, 2011 to \$278.8 million at March 31, 2012. Commercial and industrial loans decreased from \$1.1 million at March 31, 2011 to \$1.1 million at March 31, 2012 primarily due to the scheduled repayments of principal. Management's commercial real estate and land and construction loans are reflected in changes in Central Bank's commercial real estate concentration ratio, which is calculated as total non-owner occupied commercial real estate and land and construction loans divided by total capital. At March 31, 2012, the commercial real estate concentration ratio was 286%, compared to a ratio of 286% at March 31, 2011.

The allowance for loan losses totaled \$4.3 million at March 31, 2012 compared to \$3.9 million at March 31, 2011, representing an increase of \$380 thousand, or 9.8%. This net increase was primarily due to a provision for loan losses of \$400 thousand, partially offset by a decrease of \$20 thousand.

Table of Contents

of \$1.4 million resulting from management's review of the adequacy of the allowance for loan losses. In its analysis of the adequacy of the allowance for loan losses, management considered the allowance for loan losses at March 31, 2012 and March 31, 2011. See *Comparison of Operating Results for the Years Ended March 31, 2012 and March 31, 2011* Provision for Loan Losses.

Management regularly assesses the desirability of holding newly originated residential mortgage loans and whether to sell such loans in the secondary market. A number of factors are evaluated to determine whether or not to hold or sell such loans in the portfolio including current and projected liquidity, current and projected interest rates, projected growth rates, and the current and projected interest rate risk profile. Based on its consideration of these factors, management determines whether residential mortgage loans originated during the year ended March 31, 2012 should be retained in Central Bank's portfolio or sold in the secondary market. Originations of loans held for sale totaled \$10.9 million in fiscal 2012 as compared to \$10.9 million in fiscal 2011. The decision to sell or hold loans is made at the time the loan commitment is issued. Upon making the decision to sell a loan, Central Bank simultaneously enters into a best efforts forward commitment to sell the loan to market with the decision to sell the loan. Loans are sold servicing released and totaled \$11.1 million in fiscal 2012 as compared to \$11.1 million in fiscal 2011.

Cash and cash equivalents totaled \$7.3 million at March 31, 2012 compared to \$40.9 million at March 31, 2011, or 17.8%. Cash and cash equivalents totaled \$33.6 million, or 82.1%. During the year ended March 31, 2012, proceeds from cash and cash equivalents, net of cash and cash equivalents, and increases in certificates of deposit were generally utilized to fund the growth in the residential loan portfolio.

Investment securities totaled \$48.8 million at March 31, 2012 compared to \$35.3 million at March 31, 2011, or 138.3%. Investment securities totaled \$13.6 million, or 38.4%. The increase in investment securities is primarily due to the purchase of \$23.2 million in investment securities and \$2.2 million in common stock, offset by the sale of \$5.6 million in mortgage-backed securities and \$1.2 million of principal on mortgage-backed securities. Stock in the Federal Home Loan Bank of Boston totaled \$2.2 million at March 31, 2012 compared to \$8.5 million at March 31, 2011.

Banking premises and equipment, net, totaled \$2.7 million at March 31, 2012 and \$2.7 million at March 31, 2011.

Other real estate owned totaled \$133 thousand at March 31, 2012 compared to \$132 thousand at March 31, 2011. During the year, properties were added and two residential properties were sold during the year.

Deferred tax assets totaled \$3.3 million at March 31, 2012 compared to \$3.6 million at March 31, 2011. The decrease is due to the expiration of year tax benefits and the realization of other deferred tax assets from the sale of investments for both years.

The cash surrender value of a bank-owned life insurance policy on two executives is carried as an asset on the balance sheet and totaled approximately \$9.6 million at March 31, 2012 compared to \$7.3 million at March 31, 2011. During the year, Central Bank purchased an additional \$2.1 million life insurance policy.

Total deposits amounted to \$344.5 million at March 31, 2012 compared to \$309.1 million at March 31, 2011, or 11.5%. The increase was a result of the combined effect of a \$32.8 million increase in deposits, net of a \$1.5 million increase in core deposits of \$2.6 million (consisting of all non-certificate accounts). Growth in certificates of deposit included \$28.6 million obtained through a non-broker listing service. During the year ended March 31, 2012, Central Bank increased its deposits to fund the residential loan growth in accordance with Central Bank's business plan.

Table of Contents

Federal Home Loan Bank of Boston advances amounted to \$117.2 million at March 31, 2012 and \$111.2 million at March 31, 2011.

The net decrease in stockholders' equity from \$47.1 million at March 31, 2011 to \$45.3 million at March 31, 2012 was primarily due to Central Bank's \$2.5 million negotiated repurchase of the warrant associated with Central Bank's participation in the TARP Capital Purchase Program. Central Bank repurchased the warrant from the U.S. Department of Treasury on October 19, 2011, contributing to the net decrease in stockholders' equity during the year were \$803 thousand of dividends paid to stockholders, partially offset by net income of \$851 thousand, stock-based compensation of \$441 thousand and ESOP compensation of \$395 thousand.

Liquidity and Capital Resources

Liquidity is the ability to meet current and future financial obligations of a short-term nature. Central Bank's liquidity sources are customer deposits, short-term investments, repayments of loans, FHLB of Boston advances, maturities of investments, and funds from operations. These various sources of liquidity, as well as Central Bank's investments in loans in the secondary market, are used to fund deposit withdrawals, loan originations and investment in securities. In addition, Central Bank has access to the capital markets to raise additional equity. On August 25, 2011, Central Bank entered into the Purchase Agreement with the Secretary of the U.S. Department of the Treasury pursuant to which Central Bank will purchase Central Bank's Senior Non-Cumulative Perpetual Preferred Stock, Series B having a liquidation amount per share of \$10,000,000 pursuant to the SBLF program, a fund established under the Small Business Lending Fund which encourages lending to small businesses by providing capital to qualified community banks with assets under \$100 million. The \$10 million in SBLF funds to redeem shares of Central Bank's Series A Preferred Stock issued to treasury in connection with Central Bank's participation in the TARP Capital Purchase Program. On October 19, 2011, Central Bank repurchased the warrant it previously issued in connection with Central Bank's participation in the TARP Capital Purchase Program. The warrant, which had an exercise price of \$6.39 per share, was negotiated total of \$2.5 million to repurchase the warrant. See *Troubled Asset Relief Program Capital Purchase Program* and *Department Small Business Lending Fund* above.

During the year ended March 31, 2012, Central Bank increased deposits by \$34.5 million, or 11.5%. This increase was primarily due to strategic actions taken by management to reduce risk and increase capital ratios in accordance with Central Bank's strategy. The use of proceeds from loan repayments and investment maturities and repayments to fund certain maturities of investments. Differences in deposit levels are primarily the result of management's decision to focus at various times on certain types of FHLB of Boston advances to fund growth. These decisions are based on the relative interest rates of these advances at the particular time.

On September 29, 2009, the FDIC adopted an Amended Restoration Plan to enable the Deposit Insurance Fund to maintain a reserve ratio of 1.15% over eight years. Under this plan, the FDIC did not impose a previously-planned special assessment on June 30, 2009, Central Bank accrued the first special assessment which totaled \$270 thousand and was paid by Central Bank. The plan calls for deposit insurance premiums to increase by 3 basis points effective January 1, 2011. As a result of cash flow needs, the FDIC assessed a three year insurance premium prepayment, which was paid by banks in the form of a special assessment period of January 1, 2010 through December 31, 2012. The FDIC estimates that bank failures will cost the FDIC \$45 billion during the next three years, but only projects revenues of approximately \$60 billion. The shortfall will be covered by prepaid premiums, which is estimated to be \$45 billion. Central Bank's prepaid premium totaled \$2.3 million for the quarter ended December 31, 2009. This prepaid deposit premium is carried on the consolidated balance sheet and totaled \$1.2 million at March 31, 2012.

Table of Contents

At March 31, 2012, Central had commitments to originate loans, unused outstanding lines of credit, letters of credit and proceeds of loans totaling \$40.0 million. Since many of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. At March 31, 2012, Central believes it has adequate sources of liquidity to meet its current loan commitments.

Central Bank is a voluntary member of the FHLB of Boston and has the ability to borrow up to the value of its assets that have not been pledged to others. Qualified collateral generally consists of FHLB of Boston stock, residential mortgage loans, real estate loans, U.S. Government and agencies securities, mortgage-backed securities and funds on deposit. As of March 31, 2012 and 2011, Central Bank had outstanding FHLB of Boston advances of \$117.2 and \$117.2 million, respectively. As of March 31, 2012, Central Bank had approximately \$84 million in unused borrowing capacity at the FHLB of Boston.

Central Bank also may obtain funds from the Federal Reserve Bank of Boston, the Co-operative Central Bank of Boston, and a retail CD brokerage agreement with a major brokerage firm. Central Bank views these borrowing facilities as a source of liquidity and has had no immediate need to use them.

Commitments, Contingencies and Off-Balance Sheet Risk

In the normal course of operations, Central engages in a variety of financial transactions that, in accordance with generally accepted accounting principles are not recorded in its consolidated financial statements. These transactions involve off-balance sheet credit, interest rate and liquidity risk. Such transactions are used primarily to manage customers' credit, interest rate and liquidity risk, loan commitments and lines of credit.

For the year ended March 31, 2012, Central engaged in no off-balance sheet transactions reasonably likely to affect its financial condition, results of operations or cash flows.

Commitments to originate new loans or to extend credit are agreements to lend to a customer as long as conditions established in the contract are met. Loan commitments generally expire within 30 to 45 days. Most home equity lines of credit have a term of 15 years, and commercial lines of credit are generally renewable on an annual basis. Commitments to originate new loans or to extend credit may include termination clauses and may require payment of a fee. At March 31, 2012, Central had unused outstanding lines of credit, letters of credit and undisbursed proceeds of loans totaling \$40.0 million. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Central evaluates each customer's creditworthiness on a case-by-case basis. The amount of credit that may be necessary by Central upon extension of credit, is based on management's credit evaluation of the borrower.

Commitments to sell loans held for sale are agreements to sell loans on a best efforts delivery basis to investors. Additionally, these loans are sold servicing released and without recourse.

On September 16, 2004 Central completed a \$5.1 million trust preferred securities financing through Central Bancorp Capital Trust I. On January 31, 2007, Central completed a trust preferred securities financing in the amount of \$5.9 million through Central Bancorp Capital Trust II. Central Bancorp Capital Trust I and Central Bancorp Statutory Trust II are Central's only special purpose vehicles within the financing transactions and concurrent with the issuance of the junior subordinated debentures, Central issued guarantees related to the trust securities of both trusts for the benefit of their respective holders. The amount of the guarantees is included in Central's consolidated financial statements included in this proxy statement/prospectus.

Central's management believes that, at March 31, 2012, Central and Bank have adequate sources of liquidity to meet its current loan commitments.

Table of Contents

Impact of Inflation and Changing Prices

The consolidated financial statements and related data presented in this proxy statement/prospectus have been prepared in accordance with accounting principles generally accepted in the United States of America, which require the measurement of assets and liabilities and operating results in terms of historical dollars, without considering changes in the relative purchasing power of dollars over time due to inflation. Unlike many industrial companies, substantially all of the assets and liabilities of Central Bank are denominated in dollars. Interest rates have a more significant impact on Central Bank's performance than the general level of inflation. Interest rates may not necessarily move in the same direction or in the same magnitude as inflation.

Capital Resources

Central and Central Bank are required to maintain minimum capital ratios pursuant to the federal prompt corrective action regulations. These regulations establish a risk-adjusted ratio relating capital to different categories of balance sheet assets and liabilities. Two categories of capital are defined: Tier 1 or core capital (stockholders' equity) and Tier 2 capital. Tier 1 capital is the sum of both Tier 1 and Tier 2 capital. According to the federal prompt corrective action regulations, Tier 1 capital must represent at least 50% of qualifying total capital. At March 31, 2012, the minimum total risk-based capital ratios for well-capitalized banks was 10.00%. Central's and Central Bank's total risk-based capital ratios at March 31, 2012 were 10.00% and 10.00%, respectively.

To complement the risk-based standards, the FDIC has also adopted a leverage ratio (adjusted stockholders' equity to total assets) of 3.00% for the most highly rated banks and 4.00% for all others. The leverage ratio is to be used in addition to the capital ratios as the minimum standards for banks. Central's and Central Bank's leverage ratios were 3.00% and 4.00%, respectively, as of March 31, 2012.

Quantitative and Qualitative Disclosures About Market Risk

Central's earnings are largely dependent on its net interest income, which is the difference between the interest income earned on assets and the cost of interest-bearing liabilities. Central seeks to reduce its exposure to changes in interest rates, and to monitor and manage its interest-rate risk exposure. The policies and procedures for managing interest-rate risk activities are established by Central Bank's asset/liability management committee (ALCO). Central Bank's ALCO approves the ALCO policy annually and monitors related activities on an ongoing basis.

Market risk is the risk of loss from adverse changes in market prices and rates. Central's market risk is primarily interest rate risk inherent in its lending, borrowing and deposit taking activities.

The main objective in managing interest rate risk is to minimize the adverse impact of changes in interest rates on Central's net interest income and preserve capital, while adjusting Central Bank's asset/liability structure to control interest rate risk. A substantial increase or decrease in interest rates may adversely impact earnings to the extent that the interest income on assets and liabilities do not change at the same speed, to the same extent, or on the same basis.

Central quantifies its interest-rate risk exposure using a sophisticated simulation model. Simulation analysis measures the impact of net interest income to changes in interest rates over a specific time horizon. Simulation analysis involves projecting net interest income and expense under various rate scenarios. The simulation is based on forecasted cash flows and the future changes in interest rates and levels of activity (loan originations, loan prepayments, deposit growth, etc.). Interest rates are inherently uncertain and, therefore, actual results will differ from simulated results due to timing, magnitude and direction of changes as well as changes in market conditions and strategies. The net interest income projection results are compared to net interest income flows and management's assumptions is compared to net

Table of Contents

interest income projections based on immediate shifts of 300 basis points upward and 50 basis points downward. Internal guidelines on interest rate risk state that for every 100 basis points immediate shift in interest rates over the next twelve months should decline by no more than 5%.

The following table indicates the projected change in net interest income, and sets forth such change as a percentage of interest income, for the twelve-month period following the date indicated assuming an immediate and uniform change in other rates adjusting to varying degrees in each scenario based on both historical and expected spread

	Twelve Months Following 2012	
	Amount	% Change
	(Dollars in Thousands)	
300 basis point increase in rates	\$ (1,352)	(8.63)%
50 basis point decrease in rates	(89)	(0.57)

As noted, this policy provides broad, visionary guidance for managing Central Bank's balance sheet. In the event simulation results indicate a variance from stated parameters, ALCO will intensify its scrutiny of the results and whatever actions are deemed appropriate under the circumstances.

Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

(a) On August 10, 2010, Central was notified that, due to the fact that certain officers of Caturano and Company, P.C. resigned as the independent registered public accounting firm for Central effective August 13, 2010. The audit reports of Caturano and Company, P.C. on the consolidated financial statements of Central for the years ended March 31, 2010 and 2009 did not contain an adverse opinion or a disclaimer of opinion or were modified as to uncertainty, audit scope or accounting principles.

During the fiscal years ended March 31, 2010 and 2009 and through August 13, 2010 there were: (1) no disagreements with Caturano and Company, P.C. on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Caturano and Company, P.C. would have caused them to reference thereto in their reports on Central's financial statements for such years, and (2) no reportable disagreements under Item 304(a)(1)(v) of Regulation S-K.

(b) Effective August 13, 2010, the Audit Committee of Central's Board of Directors engaged McGladrey & Pullen, LLP as an independent registered public accounting firm. During Central's fiscal years ended March 31, 2010 and 2009 and the period preceding the engagement of McGladrey & Pullen, LLP, Central did not consult with McGladrey & Pullen, LLP on the application of accounting principles to a specified transaction, either completed or proposed; (2) the type or nature of any such consultation rendered on Central's financial statements, and McGladrey & Pullen, LLP did not provide any written advice that McGladrey & Pullen, LLP concluded was an important factor considered by Central in reaching a decision on any matter of auditing or financial reporting issue; or (3) any matter that was either the subject of a disagreement with McGladrey & Pullen, LLP on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of McGladrey & Pullen, LLP would have caused them to reference thereto in their reports on Central's financial statements for such years or to event.

(c) On December 15, 2011, Central Bancorp, Inc. (the "Company") dismissed McGladrey & Pullen, LLP as its independent registered public accounting firm for Central. The decision to dismiss McGladrey & Pullen, LLP was approved by the Audit Committee. McGladrey and Pullen, LLP was appointed to serve as Central's independent registered public accounting firm on August 13, 2010 and therefore did not serve as Central's independent registered public accounting firm for the years ended March 31, 2010 and 2009.

Table of Contents

ended March 31, 2010. The audit report of McGladrey & Pullen, LLP on the consolidated financial statements ended March 31, 2011 did not contain an adverse opinion or a disclaimer of opinion, and was not qualified in scope or accounting principles. During the fiscal year ended March 31, 2011 and through the subsequent date of McGladrey & Pullen, LLP's dismissal, there were: (1) no disagreements between Central and McGladrey & Pullen, LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to the satisfaction of McGladrey & Pullen, LLP would have caused them to make reference thereto in their audit report on the financial statements for such years, and (2) no reportable events within the meaning set forth in Item 302(b)(7) of Regulation S-X.

(d) On December 15, 2011, the Audit Committee of Central's Board of Directors engaged Shatswell, MacLeod & Company, P.C., an independent registered public accounting firm. During Central's fiscal years ended March 31, 2011 and 2010, the period preceding the engagement of Shatswell, MacLeod & Company, P.C. Central did not consult Shatswell, MacLeod & Company, P.C. regarding: (1) the application of accounting principles to a specified transaction, either completed or proposed, that might be rendered on Central's financial statements, and Shatswell, MacLeod & Company, P.C. did not provide oral advice that Shatswell, MacLeod & Company, P.C. concluded was an important factor considered in the preparation of any such accounting, auditing or financial reporting issue; or (3) any matter that was either the subject of an audit procedure or the subject of a reportable event.

Additional Information

You can find additional information about Central in Central's filings with the Securities and Exchange Commission in this document titled "Where You Can Find More Information" beginning on page 126.

Table of Contents

DESCRIPTION OF INDEPENDENT'S CAPITAL STOCK

Independent is authorized to issue up to 75,000,000 shares of common stock, par value \$0.01 per share as of May 31, 2012. Independent is also authorized to issue up to 1,000,000 shares of preferred stock, par value \$0.01 per share, as of May 31, 2012. Independent has designated 15,000 shares of preferred stock as non-cumulative preferred stock (the "Independent Series B Preferred Stock"), none of which was outstanding as of May 31, 2012. Independent's common stock of Independent does not represent or constitute a deposit account and is not insured by the Federal Deposit Insurance Corporation or by the Depositors Insurance Fund.

The following description of the Independent capital stock does not purport to be complete and is qualified by reference to Independent's articles of organization and bylaws, and the Massachusetts Business Corporation Act.

Common Stock

General

Each share of Independent's common stock has the same relative rights and is identical in all respects to any other share of Independent's common stock.

Voting Rights

Each holder of common stock is entitled to one vote in person or by proxy for each share held on all matters requiring a vote of the Shareholders. Shareholders are not permitted to cumulate votes in elections of directors.

Preemptive Rights

Holders of common stock do not have any preemptive rights with respect to any shares that may be issued by Independent. Thus, Independent may sell shares of its common stock without first offering them to the then holders of common stock.

Liquidation

In the event of any liquidation or dissolution of Independent, whether voluntary or involuntary, the holders of common stock would be entitled to receive pro rata, after payment of all debts and liabilities of Independent (including interest on those deposits), all assets of Independent available for distribution, subject to the rights of the holders of preferred stock which may be issued with a priority in liquidation or dissolution over the holders of common stock.

Preferred Stock

The Independent board of directors is authorized, subject to limitations by its articles of organization and bylaws, to issue preferred stock in one or more series. The Independent board of directors may fix the dividend, redemption price, and other rights of each series of preferred stock, and may provide for a sinking fund or redemption or purchase of the preferred stock. The board of directors may also grant voting rights to the holders of any series of preferred stock, subject to the limitations in Independent's articles of incorporation. Specifically, the holders of any series of preferred stock may be entitled to more than one vote per share on any matters requiring the approval or vote of the holders of Independent's common stock, otherwise required by applicable law, the right to elect more than two Independent directors or, together with the holders of other series of preferred stock, the right to elect in the aggregate more than six Independent directors. Independent has designated 15,000 shares of preferred stock as Independent Series B Preferred Stock, none of which was outstanding as of May 31, 2012. Independent issued in connection with the merger.

Table of Contents

Other Provisions

The articles of organization and bylaws of Independent contain a number of provisions that may have attempts to gain control of Independent, including provisions:

classifying the Independent board of directors into three classes to serve for three years, with

authorizing the Independent board of directors to fix the size of the Independent board of directors

limiting for removal of directors by a majority of shareholders to removal for cause; and

increasing the amount of stock required to be held by shareholders seeking to call a special meeting to the

minimum established by statute. Massachusetts has adopted a business combination statute (Chapter 110F of the Massachusetts Business Corporation Law) that has additional anti-takeover effects to provisions in Independent Bank's articles of organization and bylaws. Independent Bank has adopted a control share statute (Chapter 110D of the Massachusetts Business Corporation Law), the provisions of which provided in its bylaws shall not apply to control share acquisitions of Independent within the meaning of the statute.

Transfer Agent

The transfer agent and registrar for Independent common stock is Computershare Limited.

Table of Contents

COMPARISON OF RIGHTS OF SHAREHOLDERS OF CENTRAL AND I

This section describes the differences between the rights of holders of Central common stock and the r common stock. While we believe that the description covers the material differences between the right contain all of the information that is important to you. You should carefully read this entire document discussed below for a more complete understanding of the differences between your rights as a holder rights as a holder of Independent common stock.

As a shareholder of Central, a Massachusetts corporation, your rights are governed by Massachusetts l as currently in effect, and Central s bylaws, as currently in effect. When the merger becomes effective Independent, also a Massachusetts corporation, when you receive Independent common stock in excha Independent s common stock is listed on the NASDAQ Global Select Market under the symbol IND rights will be governed by Massachusetts law, Independent s articles of organization, as in effect from bylaws, as in effect from time to time.

The following discussion of the similarities and material differences between the rights of Central shar organization and bylaws of Central and the rights of Independent shareholders under the articles of org is only a summary of some provisions and is not a complete description of these similarities and differ its entirety by reference to Massachusetts law and the full texts of the articles of organization and byla organization and bylaws of Independent.

Capitalization

Central

The total authorized capital stock of Central consists of 15,000,000 shares of common stock, \$1.00 par 5,000,000 shares of preferred stock, \$1.00 par value per share. As of July 23, 2012, there were 1,690,9 outstanding, 15,929 shares of unvested restricted common stock, 73,589 shares of common stock reser outstanding options granted under Central s equity plans and 10,000 shares of preferred stock outstan

Independent

The total authorized capital stock of Independent consists of 75,000,000 shares of common stock, par 1,000,000 shares of preferred stock, par value \$0.01 per share. As of July 23, 2012, there were 21,639, shares of preferred stock outstanding.

15,000 shares of the preferred stock are designated as Independent Series B Preferred Stock, although nor will any be issued in connection with the merger. The board of directors of Independent may issue without shareholder approval.

Preemptive Rights

A preemptive right allows a shareholder to maintain its proportionate share of ownership of a corporat purchase a proportionate share of any new stock issuances. Preemptive rights protect the shareholders upon new stock issuances. Under Massachusetts law, unless the articles of organization say otherwise, rights. Neither Central nor Independent has a provision authorizing preemptive rights; in fact, both Ind organization contain provisions specifically denying them. Accordingly, neither Central nor Independe rights.

Table of Contents

Dividends and Other Stock Rights

Central

Holders of Central common stock are entitled to receive and share equally in such dividends as the board of directors determines out of the funds legally available for such payment. Holders of Central preferred stock, however, have priority over holders of common stock with respect to payments of such dividends. Similar to Independent, the board of directors is authorized to (i) determine dividend rates or the amount of dividends to be paid on the preferred stock, (ii) determine voting power of the preferred stock, (iii) determine whether such preferred stock is redeemable by Central, (iv) determine the amount or amount of stock in the event of a voluntary or involuntary liquidation, dissolution or winding up of Central, (v) determine whether Central is entitled to the benefits of a sinking or retirement fund to be applied to the preferred stock, (vi) determine whether the preferred stock is convertible or exchangeable for shares of another class of Central stock, (vii) determine the purchase price of the preferred stock, (viii) determine the purchase price of the preferred stock, (ix) other such determinations with respect to preferred stock.

Independent

Independent can also pay dividends on its common stock in accordance with Massachusetts law.

When and if a quarterly cash dividend is declared by the board of directors, if any Independent Series B Preferred Stock, the holders of shares of Series B Preferred Stock would be entitled to receive dividends in an amount per share as set forth in the articles of organization, subject to the rights of the holders of any shares of any series of preferred stock having priority over Independent Series B Preferred Stock with respect to dividends. Shares of Independent Series B Preferred Stock are not redeemable.

Right to Call Special Meetings of Shareholders

Central

Special meetings may be called:

by the president;

by the chairman of the board of directors;

by the board of directors; or

by a committee of the board of directors which has been designated by the board of directors and which shall include the power and authority to call such meetings.

Independent

Special meetings may be called:

by the chairman of the board, if any;

by the president;

by a majority of the directors; and

by the clerk or other officer at the written direction of the holders of at least two-thirds of the shares of the company entitled to vote at the meeting.

For shareholders to call a special meeting, Independent requires the written application of the holders of at least 40% of the voting capital stock, as opposed to the 40% of voting capital stock that would be required for Central shareholders to call a special meeting. This may be more difficult for Independent shareholders to call a special meeting.

Table of Contents**Notice of Shareholder Meetings***Central*

Central requires that notice of shareholder meetings be given not less than 7 days before the meeting.

Independent

Independent also requires that notice of shareholder meetings be given not less than 7 days before the meeting. However, independent companies may have the same minimum amount of time before a meeting that notice may be given.

Additional Business Brought by Shareholders at Meetings*Central*

Additional business may be brought at an annual or special meeting of shareholders by any shareholder who is eligible to vote in the election of directors and who provides written notice to the clerk or secretary of Central not less than 7 days prior to any such meeting. Such notice must set forth (i) a brief description of the proposal desired to be brought before the meeting, reasons for conducting such business at the meeting, (ii) the shareholder's name and address and the number of shares supporting the proposal, (iii) the class and number of shares beneficially owned by the shareholder at the time of the proposal, and (iv) any material interest of the shareholder (or any other shareholders known by such shareholder) in such proposal.

Independent

Additional business may be brought by any shareholder of record who shall have been a shareholder of record at the time notice is given and who shall continue to be entitled at the time of the meeting to vote thereat. Such shareholder must give notice to the corporation as follows:

To be considered timely, a shareholder's notice must be delivered to or mailed and received at the principal office of the corporation (a) not less than 75 nor more than 125 days before the anniversary date of the immediately preceding annual meeting of the corporation or (b) in the case of a special meeting or in the event that an annual meeting is called for a date other than the anniversary date, notice must be given so as to be received not later than the close of business on the 21st day after the date on which notice of the date of such meeting was mailed, or public disclosure of the date of such meeting was made, whichever is later, and as of the date of such notice must set forth as to each matter (a) a brief description of the business desired to be brought before the meeting, (b) the name and record address of the shareholder proposing such business, (c) the number of shares of capital stock of the corporation held of record, owned beneficially and represented by proxy by such shareholder at the meeting (if such date shall then have been made publicly available) and as of the date of such notice, and (d) any other information which would be required to be included in a proxy statement or other filings required to be filed with the Securities and Exchange Commission if, with respect to any such item of business, such shareholder were a participant in a solicitation of proxies. Regulation 14A under the Exchange Act (the "proxy rules"). In the event the proposed business to be brought before the meeting is consummated at the time of the meeting, would have required of such shareholder or third party or any other person, and, in the event of any prior notification to, filing with, or any orders or other action by, any governmental authority, then any such notification, filing, or action accompanied by appropriate evidence of the making of all such notifications or filings and the issuance of such orders or other actions by all such governmental authorities.

Table of Contents

Board of Directors Number and Term of Office

Central

Central's bylaws and articles of organization, as well as Section 8.06(b) of the Massachusetts Business Corporation Act, provide that the number of directors and their respective classifications will be fixed from time to time and the number of directors is set at 8. A vote of at least two-thirds of the directors then in office is required to elect or remove directors (provided there cannot be more than 21 directors nor less than 7 directors). The vote of a plurality of the directors at a meeting is required to elect directors of Central. At least three-fourths of Central's directors must be citizens and residents of The Commonwealth of Massachusetts. Furthermore, each director must own common

Central's articles of organization also provide that any vacancy occurring in the board of directors, including an increase in the number of directors, may be filled only by a vote of two-thirds of the directors (even if less than a quorum). A director elected to fill a vacancy will be elected to serve for the remainder of the full term of the director whose vacancy occurred and until the director's successor is elected and qualified.

Independent

Independent's bylaws and articles of organization provide that the number of directors shall be between 7 and 15, determined from time to time by vote of the board of directors at any regular or special meeting thereof. The board may increase or decrease the number of directors in one or more classes to ensure that the three classes shall be as nearly equal as possible. Preference Stock Directors elected by the holders of any class or series of stock having a preference over the common stock as to dividends shall be elected by the holders of such stock. Directors other than Preference Stock Directors shall be divided into three classes as nearly equally as possible. At each annual meeting of shareholders, the successors of the class of directors whose term is expiring shall be elected by the shareholders for a term of three years. No director shall continue to serve once he or she attains the age of 75. Newly created directorships and vacancies on the board shall be filled by the affirmative vote of a majority of the directors then in office, even though less than a quorum. Any director so elected shall hold office for the remainder of the term of the class of directors in which the new directorship was created or the vacancy occurred.

The bylaws and articles of organization of both Central and Independent provide for boards divided into three classes. In addition to the three classes, for an additional class of directors, the Preference Stock Directors, elected by preferred stock holders.

Board of Director Nominations

Central

Nominations for the election of directors may be brought at an annual or special meeting of shareholders by any shareholder of record entitled to vote generally in the election of directors and who provides written notice to the board of Central not less than 30 days nor more than 60 days prior to any such meeting. Such notice must set forth (i) the name of the nominee and, if known, residence address of each nominee proposed in such notice, (ii) the principal occupation of each nominee and (iii) the number of shares of Central stock which are beneficially owned by each such nominee.

Independent

Nominations for election to the board at the annual meeting of shareholders may be made by or at the request of the nominating committee, or by any shareholder entitled to vote for the election of directors at the time of the meeting who provides appropriate

Table of Contents

written notice to the clerk. Notice shall be delivered to or mailed and received at the principal executive office not less than 75 nor more than 125 days prior to the anniversary date of the immediately preceding annual meeting, however, that in the event that the meeting is called for a date more than 75 days prior to such anniversary date, notice shall be given not later than the close of business on the 20th day following the day on which notice of the date of the meeting was made, whichever first occurs.

The notice shall set forth (a) as to each person whom such shareholder proposes to nominate for election or reelection, (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the principal occupation or employment of the person, (iv) the number of shares of capital stock of Independent, if any, which are beneficially owned by the person, (v) the consent of each nominee to serve if elected; and (b) as to the shareholder giving notice, (i) the name of the shareholder, (ii) the class and number of shares of capital stock of Independent beneficially owned by the shareholder as of the date for the meeting (if such date has been made publicly available) and as of the date of such notice, (iii) whether the shareholder intends to appear in person or by proxy at the meeting to nominate the person or persons so nominated, (iv) a representation that the shareholder (and any party on whose behalf or in concert with whom such shareholder is acting) at the time of giving such notice to have such individual serve as the nominee of such shareholder (and any party on whose behalf or in concert with whom such shareholder is acting) if such individual is elected, accompanied by copies of any notices or orders of any court or other actions by, any governmental authority which are required in order for such shareholder (and any party on whose behalf or in concert with whom such shareholder is acting) to be so qualified, (v) a description of all arrangements or understandings between the shareholder and the nominee and any other person or persons (naming such person or persons) pursuant to which the nominee may be elected, and (vi) such other information regarding such shareholder as would be required to be disclosed in the proxy statement or other filings required to be filed pursuant to the proxy rules contained in the securities laws.

Removal and Resignation of Directors

Central

Central's bylaws provide that a director may resign at any time by giving written notice of his or her resignation to the Chairman of the board of directors.

Central's articles of organization, as well as Section 8.06(d) of the Massachusetts Business Corporation Act, require a two-thirds vote of the shareholders to remove a director, while Section 8.06(d) requires only a majority vote of the shareholders. The articles of organization require a two-thirds vote to be cast at a meeting called for the purpose of removing a director.

Independent

Independent does not make specific provision for a method of resignation, but the bylaws do provide for a method of resignation. A director may be removed for cause by the affirmative vote of the holders of a majority of the outstanding shares and then entitled to vote generally in the election of directors.

Amendment of Bylaws

Central

Central's bylaws may be amended or repealed by the affirmative vote of two-thirds of the directors. The bylaws may also be amended or repealed by an affirmative vote of the holders of two-thirds of the outstanding shares of capital stock of Central, as of the date of the election of directors cast at a meeting expressly called for the purpose of amending the bylaws.

Table of Contents

Independent

The bylaws may be amended by the shareholders if appropriate notice has been given setting forth the proposed amendments. The bylaws, except those provisions that specify otherwise, may be amended or repealed by the board of directors.

Central's bylaws provide that shareholders may amend or repeal the bylaws. The directors generally may amend or repeal the bylaws but must do so by a two-thirds majority rather than the simple majority required for transaction of other business. The bylaws also provide that the shareholders may amend the bylaws, but make no provision for repeal by the shareholders. The bylaws may be amended or repealed by the directors.

Amendment of Articles of Organization

Central

Certain provisions of the articles of organization may be amended only by the vote of two-thirds of the shareholders. The Central is entitled to vote generally in the election of directors and cast a vote at a shareholder meeting called for the purpose of amending the articles of organization. Such provisions are titled Meeting of Stockholders; Cumulative Voting, Meeting of Directors, Removal of Directors, Indemnification, Amendment of Bylaws, Approval of Changes to the Articles of Organization. Central's articles of organization also provide that they may be amended to the fullest extent permitted by law.

Independent

Generally, the articles of incorporation of Independent may be amended or repealed only by a majority vote of the shareholders and 5 of Article VI, dealing with preemptive rights and the amendment of the articles of incorporation, require a two-thirds majority vote of the shareholders.

Indemnification

Central

Central's articles of organization provide that directors and officers of Central shall be indemnified by Central to the fullest extent permitted by law. Massachusetts law applicable to Central generally provides that a corporation may indemnify its directors and officers as a party to a threatened, pending or completed proceeding if he or she conducted himself or herself in good faith and his or her conduct was in the best interests of the corporation or that his or her conduct was at least not negligent. Central's articles of organization also provide for payment of expenses actually and reasonably incurred by a director or officer in connection with any threatened, pending or completed proceeding.

Independent

Independent's bylaws and articles of organization provide for the limitation on liability of directors and officers. A director or officer shall not be personally liable to Independent or its shareholders for monetary damages for breach of duty as a director or officer. However, the bylaws do not eliminate or limit the liability of a director or officer (i) for any breach of duty, (ii) for acts or omissions not in good faith or which involve a knowing violation of law, (iii) for improper distributions under Section 6.40 of Chapter 156D of the Massachusetts General Laws, or (iv) for any transaction from which the director or officer derived an improper benefit.

Table of Contents

improper personal benefit. The stated intention of the bylaw provision is to limit the liability of a director allowed by law. To that end, the bylaws further provide that if the Massachusetts Business Corporation Act provides for the further elimination of, or limitation on, the liability of directors or officers, then the liability of a director in addition to the limitation of personal liability provided herein, shall be limited to the fullest extent permitted by the amendments.

The bylaws further provide that a director's or officer's conduct with respect to an employee benefit plan is believed to be in the interests of the participants in, and the beneficiaries of, the plan is conduct that such director's or officer's conduct was at least not opposed to the best interests of Independent.

Except in the circumstances described above, Independent may only indemnify a director or officer if

The determination of whether an officer or director has met the requirements for indemnification shall be made by the disinterested directors, by the board of directors by a majority vote of all the disinterested directors, a committee of disinterested directors, by a majority of the members of a committee of two or more disinterested directors, (i) by special legal counsel; (ii) by special legal counsel; (iii) by the shareholders, but shares owned by or voted under the control of a director or officer who is a party to a proceeding, shall not qualify as a disinterested director may not be voted on the determination. Independent may, in some circumstances, indemnify a director or officer who is a party to a proceeding.

Approval of Business Combinations

Central

Central's articles of organization require that approval of a merger, share exchange, consolidation or stock exchange requires the affirmative vote of two-thirds of the outstanding shares entitled to vote thereon. However, the provisions of the articles of organization do not apply if the transaction has been recommended to the shareholders for approval by a majority of the disinterested persons (provided, however, that such approval shall only be effective if obtained at a meeting of the disinterested directors capable of exercising such powers are present).

Business combinations requiring a vote of Central's shareholders that do not involve a related person are subject to the provisions of the Massachusetts Business Corporation Act requiring the affirmative vote of two-thirds of the outstanding

Independent

The bylaws and articles of organization of Independent do not contain any special provisions relating to business combinations, and therefore business combinations requiring a vote of Independent's shareholders are subject to the provisions of the Massachusetts Business Corporation Act requiring the affirmative vote of two-thirds of the outstanding

Table of Contents

LEGAL MATTERS

Choate, Hall & Stewart LLP will issue a legal opinion concerning the validity of the shares of Independent in connection with the merger. Choate, Hall & Stewart LLP, on behalf of Independent, and Kilpatrick Townsend & Stockton LLP, on behalf of Central, will each issue an opinion upon certain legal matters to the effect that the merger will constitute the meaning of Section 368(a) of the Internal Revenue Code.

EXPERTS

The consolidated financial statements of Independent, included in Independent's Annual Report (Form 10-K) for the year ended December 31, 2011, have been audited by Ernst & Young LLP, independent registered public accountants, the report thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of Central as of March 31, 2012 and for the year then ended, which are included beginning on page F-1, have been so included in reliance on the report of Shatswell, MacLeod & Company LLP, an independent registered public accounting firm, given on the authority of said firm as experts in accounting and auditing.

The consolidated financial statements of Central as of March 31, 2011 and for the year then ended, which are included beginning on page F-1, have been audited by McGladrey LLP (formerly McGladrey & Pullen, LLP), an independent registered public accountants, the report thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are included in reliance upon such report and upon the authority of such firm as experts in accounting and auditing.

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

Independent and Central file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission. You may read and copy any reports, statements or other information that Independent and Central file with the Securities and Exchange Commission at the Securities and Exchange Commission's Public Reference Room at 100 M Street, N.E., Washington, D.C. 20549.

You may obtain information on the operation of the Public Reference Room by calling the Securities and Exchange Commission at 1-800-SEC-0330. The Securities and Exchange Commission filings of Independent and Central are also available through commercial document retrieval services and at the web site maintained by the Securities and Exchange Commission. Reports, proxy statements and other information concerning Independent and Central also may be inspected at 1735 K Street, N.W., Washington, D.C. 20006. Independent's Securities and Exchange Commission file number is 000-51194. Central's file number is 000-51194.

Independent has filed a registration statement on Form S-4 to register with the Securities and Exchange Commission common stock to be issued to Central shareholders in the merger. This document is a part of that registration statement and prospectus of Independent in addition to being a proxy statement for Central. As allowed by Securities and Exchange Commission rules, this document does not contain all the information you can find in Independent's registration statement. Statements made in this document as to the content of any contract, agreement or other document are not complete. With respect to each of those contracts, agreements or other documents to be filed or incorporated into the registration statement, you should refer to the corresponding exhibit, when it is filed, for a more complete description of the contract, agreement or other document involved and read all statements in this document in light of that exhibit.

Table of Contents

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Securities and Exchange Commission allows Independent to incorporate by reference the information contained in certain documents filed with the Securities and Exchange Commission. Incorporation by reference means that Independent can disclose important information to other documents filed separately with the Securities and Exchange Commission that are legally conclusive. All information contained in this document and later information that is filed by Independent with the Securities and Exchange Commission will be deemed to be incorporated into this document and the documents listed below.

For purposes of this proxy statement/prospectus, any statement contained in a document incorporated by reference shall be deemed to be modified or superseded to the extent that a statement contained in a later document which also is or is deemed to be incorporated herein by reference modifies or supersedes such statement.

Independent incorporates by reference the specific documents listed below and any future filings that are filed with the Securities and Exchange Commission under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, and prior to the later of the date of Central's special meeting or the date on which the offering of shares of Independent common stock under this document is terminated:

Annual Report on Form 10-K for the year ended December 31, 2011, filed with the Securities and Exchange Commission on March 9, 2012;

Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, filed with the Securities and Exchange Commission on May 7, 2012; and

Current Reports on Form 8-K and amendments thereto filed with the Securities and Exchange Commission on January 23, 2012, February 22, 2012, February 28, 2012, March 1, 2012, March 15, 2012, March 16, 2012, April 18, 2012, April 19, 2012, April 26, 2012, May 1, 2012, May 3, 2012, May 16, 2012, May 22, 2012, June 11, 2012, June 21, 2012, July 10, 2012, July 18, 2012, July 19, 2012, July 24, 2012 (except, with respect to each of the foregoing, for portions of such reports which were not filed).

You can obtain any of the Independent documents incorporated by reference into this document, and any amendments thereto, by reference as an exhibit in this document, at no cost, by contacting Independent at:

Independent Bank Corp.

288 Union Street

Rockland, Massachusetts 02370

Attention: Edward H. Saksay, General Counsel

(781) 982-6158

You should rely only on the information contained or incorporated by reference into this document. Independent does not intend to provide you with information that is different from what is contained in this document. This document is dated as of the date of this filing and we do not assume that the information contained in this document is accurate as of any date other than that date. The issuance of Independent common stock to Central's shareholders nor the issuance of Independent common stock in the merger creates any implied

Table of Contents

INDEX TO FINANCIAL STATEMENTS OF CENTRAL

Consolidated Balance Sheets at March 31, 2012 and 2011

Consolidated Statements of Operations for the Years Ended March 31, 2012 and 2011

Consolidated Statement of Changes in Stockholders' Equity and Comprehensive Income for the Year
2011

Consolidated Statements of Cash Flows for the Years Ended March 31, 2012 and 2011

Notes to Consolidated Financial Statements

Reports of Independent Registered Public Accounting Firms

128

Table of Contents

CENTRAL BANCORP, INC. AND SUBSIDIARY

Consolidated Balance Sheets

(Dollars in Thousands, Except Share and Per Share Data)

ASSETS

Cash and due from banks
Short-term investments

Cash and cash equivalents

Investment securities available for sale, at fair value (Note 2)
Stock in Federal Home Loan Bank of Boston, at cost (Notes 2 and 7)
The Co-operative Central Bank Reserve Fund, at cost (Note 2)

Total investments

Loans held for sale, at fair value

Loans (Note 3)
Less allowance for loan losses (Note 3)

Loans, net

Accrued interest receivable
Banking premises and equipment, net (Note 4)
Deferred tax asset, net (Note 8)
Other real estate owned (Note 5)
Goodwill, net
Bank-owned life insurance
Other assets

Total assets

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities:
Deposits (Note 6)
Federal Home Loan Bank advances (Notes 2 and 7)
Subordinated debentures
Advance payments by borrowers for taxes and insurance
Accrued expenses and other liabilities

Total liabilities

Commitments and Contingencies (Notes 8, 9 and 12)

Stockholders' equity (Note 10):

Preferred stock - Series A Fixed Rate Cumulative Perpetual, \$1.00 par value; 5,000,000 shares authorized, 5,000,000 shares issued and outstanding at March 31, 2012 and 10,000 shares issued and outstanding at March 31, 2011, with a liquidation preference and redemption value of \$0 and \$10,064 at March 31, 2012 and 2011, respectively (Note 13)

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Preferred stock Series B Non-Cumulative Perpetual, \$1.00 par value; 10,000 shares authorized; 10,000 shares issued and outstanding with a liquidation preference and redemption value of \$10,000 at March 31, 2012 and no shares issued and outstanding at March 31, 2011 (Note 14)

Common stock \$1.00 par value; 15,000,000 shares authorized; 1,690,951 and 1,681,071 shares issued and outstanding at March 31, 2012 and 2011, respectively

Additional paid-in capital

Retained income

Accumulated other comprehensive income (Notes 1,2 and 11)

Unearned compensation Employee Stock Ownership Plan (Note 11)

Total stockholders equity

Total liabilities and stockholders equity

See accompanying notes to consolidated financial statements.

F-1

Table of Contents

CENTRAL BANCORP, INC. AND SUBSIDIARY

Consolidated Statements of Operations

(In Thousands, Except Share And Per Share Data)

Interest and dividend income:

Mortgage loans

Other loans

Investments

Short-term investments

Total interest and dividend income

Interest expense:

Deposits

Advances from Federal Home Loan Bank of Boston

Other borrowings

Total interest expense

Net interest and dividend income

Provision for loan losses (Note 3)

Net interest and dividend income after provision for loan losses

Noninterest income:

Deposit service charges

Net gain from sales and write-downs of investment securities (Note 2)

Net gains on sales of loans

Net gains on sales of other real estate owned

Bank-owned life insurance income

Brokerage income

Other income

Total noninterest income

Noninterest expenses:

Salaries and employee benefits (Note 11)

Occupancy and equipment (Note 4)

Data processing fees

Professional fees

Telephone expenses

FDIC deposit premiums

Postage and supplies

Director fees

Merger expenses (Note 17)

Advertising and marketing

Other expenses

Total noninterest expenses

Income before income taxes
Provision for income taxes (Note 8)

Net income

Net (loss) income (attributable) available to common stockholders (Note 1)

Earnings per common share (Note 1)
Basic

Diluted

Weighted average common shares outstanding basic
Weighted average common and equivalent shares outstanding diluted
See accompanying notes to consolidated financial statements.

F-2

Table of Contents**CENTRAL BANCORP, INC. AND SUBSIDIARY****Consolidated Statements of Changes in Stockholders' Equity and Comprehensive Income****(In Thousands, Except Per Share Data)**

	Number of Shares of Series A Preferred Stock	Series A Preferred Stock	Number of Shares of Series B Preferred Stock	Series B Preferred Stock	Number of Shares of Common Stock	Common Stock	Additional Paid-In Capital	Retained Earnings
Balance at March 31, 2010	10,000	\$ 9,589		\$	1,667,151	\$ 1,667	\$ 4,291	\$ 34,100
Net income								1,000
Other comprehensive income, net of tax expense of \$50 thousand:								
Unrealized loss on post-retirement benefits, net of tax benefit of \$(22) thousand								(22)
Unrealized gain on securities, net of reclassification adjustment (Note 2) and tax expense of \$72 thousand								72
Comprehensive income								780
Dividends paid to common stockholders (\$0.20 per share)								(333)
Preferred stock accretion of discount and issuance costs		120						
Dividends paid on preferred stock								(120)
Grants of restricted and unrestricted common stock					13,920	14	(14)	
Stock-based compensation (Note 1)							512	
Amortization of unearned compensation ESOP							(200)	
Balance at March 31, 2011	10,000	\$ 9,709		\$	1,681,071	\$ 1,681	\$ 4,589	\$ 35,100
Net income								1,000
Other comprehensive loss, net of tax expense of \$8 thousand:								
Unrealized loss on post-retirement benefits, net of tax								(8)

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benefit of \$(15)
thousand
Unrealized gain on
securities, net of
reclassification
adjustment (Note 2)
and tax expense of \$23
thousand

Comprehensive
income

Dividends paid to
common stockholders
(\$0.20 per share)

Redemption of Series
A Preferred Stock, net (10,000) (9,701)

Issuance of Series B
Preferred Stock, net of
issuance costs of \$45 10,000 9,955

Preferred stock
accretion of discount
and issuance costs 56 11

Redemption of Series
A warrants (2,525)

Dividends paid on
preferred stock (64)

Grants of restricted and
unrestricted common
stock 9,880 10 (10)

Stock-based
compensation (Note 1) 441

Amortization of
unearned
compensation ESOP (294)

Balance at March 31,
2012 \$ 10,000 \$ 9,966 1,690,951 \$ 1,691 \$ 2,201 \$ 34

F-3

Table of Contents**CENTRAL BANCORP, INC. AND SUBSIDIARY****Consolidated Statements of Changes in Stockholders' Equity and Comprehensive Income****(In Thousands)**

Central's other comprehensive income and related tax effect for the years ended March 31, 2012 and

	Before Tax Amount
Year ended March 31, 2012	
Unrealized loss on post-retirement benefits	\$ (31)
Unrealized gains on securities:	
Unrealized net holding gains during period	559
Less: reclassification adjustment for net gains included in net income	541
Other comprehensive loss	\$ (13)
	Before-Tax Amount
Year ended March 31, 2011	
Unrealized loss on post-retirement benefits	\$ (52)
Unrealized gains on securities:	
Unrealized net holding gains during period	320
Less: reclassification adjustment for net gains included in net income	136
Other comprehensive income	\$ 132

See accompanying notes to consolidated financial statements.

F-4

Table of Contents**CENTRAL BANCORP, INC. AND SUBSIDIARY****Consolidated Statements of Cash Flows****(Dollars in Thousands)**

Cash flows from operating activities:

Net income

Adjustments to reconcile net income to net cash provided by operating activities:

Depreciation and amortization

Amortization of premiums

Provision for loan losses

Stock-based compensation and amortization of unearned compensation ESOP

Deferred tax provision

Net gains from sales and write-downs of investment securities

Bank-owned life insurance income

Gains on sales of loans held for sale

Originations of loans held for sale

Proceeds from the sale of loans originated for sale

Gains on sales of other real estate owned

Decrease in accrued interest receivable

Decrease in other assets, net

Increase (decrease) in accrued expenses and other liabilities, net

Net cash provided by operating activities

Cash flows from investing activities:

Loan principal (originations) collections, net

Principal payments on mortgage-backed securities

Purchases of investment securities

Proceeds from sales of investment securities

Proceeds from redemption of FHLB stock

Purchases of banking premises and equipment

Purchase of BOLI

Premiums paid on BOLI

Proceeds from sales of other real estate owned

Net cash (used in) provided by investing activities

Cash flows from financing activities:

Preferred stock issuance costs

Redemption of Series A preferred stock warrants

Net increase (decrease) in deposits

Increase (decrease) in payments by borrowers for taxes and insurance

Repayment of advances from FHLB of Boston

Cash dividends paid

Net cash provided by (used in) financing activities

Net (decrease) increase in cash and cash equivalents

Cash and cash equivalents at beginning of year

Cash and cash equivalents at end of year

Cash paid (received) during the period for:

Interest

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Income taxes paid

Income taxes refunded

Supplemental disclosure of non-cash investing and financing activities:

Loans transferred to other real estate owned

Redemption of Series A preferred stock for issuance of Series B preferred stock

Accretion of Series A and B preferred stock discount and issuance costs

See accompanying notes to consolidated financial statements

F-5

Table of Contents

CENTRAL BANCORP, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2012 AND 2011

Note 1. Summary of Significant Accounting Policies

The accompanying consolidated financial statements include the accounts of Central and its wholly owned subsidiaries as the wholly owned subsidiaries of Central Bank, Central Securities Corporation, Central Securities Corporation Holdings, LLC.

Central was organized at the direction of Central Bank in September 1998 to acquire all of the capital and assets of Central Bank in consummation of the reorganization of Central Bank into the holding company form of ownership. The reorganization was completed in January 1999. Central Bank was organized as a Massachusetts chartered co-operative bank in 1915 and converted to a corporation in form of ownership in 1986. The primary business of Central Bank is to generate funds in the form of deposits and to originate mortgage loans for the construction, purchase and refinancing of residential properties, and to make loans in the local market area. Central Bank is subject to competition from other financial institutions. Central is subject to periodic examinations by the Federal Reserve Bank (FRB), the Federal Deposit Insurance Corporation (FDIC), and the State Banks. Central Bank's deposits are insured by the Deposit Insurance Fund of the FDIC for deposits up to \$250,000 for retirement accounts and the Share Insurance Fund (SIF) for deposits in excess of that amount. In 2010, amendments to the Federal Deposit Insurance Act were enacted, providing unlimited insurance for certain transaction accounts beginning December 31, 2010, through December 31, 2012.

Central conducts its business through one operating segment, Central Bank. Most of Central Bank's assets are located in eastern Massachusetts. As set forth in Note 3 herein, Central Bank concentrates in real estate lending. Central Bank does not have any significant concentrations in any one customer or industry.

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. All significant intercompany balances and transactions have been eliminated. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and income and expenses for the year. Actual results could differ from those estimates that are particularly susceptible to change relate to the allowance for loan losses, fair value of investments and other-than-temporary impairment, income taxes, accounting for goodwill and impairment of investments.

Central owns 100% of the common stock of Central Bancorp Capital Trust I (Trust I) and Central Bancorp Capital Trust II (Trust II), which have issued trust preferred securities to the public in private placement offerings. In accordance with Financial Accounting Standards Codification (ASC) 860 *Transfers and Servicing*, neither Trust I nor Trust II are included in Central Bank's consolidated Subordinated Debentures (see below).

The following is a summary of the significant accounting policies adopted by Central and Central Bank.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash and due from banks, money market funds, and federal funds sold and other short-term investments having an original maturity at date of purchase of three months or less.

Table of Contents

Central Bank is required to maintain cash and reserve balances with the Federal Reserve Bank of Boston calculated based upon deposit levels and amounted to approximately \$1.9 million at March 31, 2012.

Investments

Debt securities that management has the positive intent and ability to hold to maturity are classified as held-to-maturity and adjusted for amortization of premiums and accretion of discounts, both computed by a method that approximates the effective yield. Debt and equity securities that are bought and held principally for the purpose of selling them in the near term are reported at fair value, with unrealized gains and losses included in earnings. Debt and equity securities that are held-to-maturity or trading are classified as available for sale and reported at fair value, with unrealized gains and losses reported to management to be temporary excluded from earnings and reported as a separate component of stockholders' equity and net income. At March 31, 2012 and 2011, all of Central Bank's investment securities were classified as available for sale.

Gains and losses on sales of securities are recognized when realized with the cost basis of investments determined on a specific-identification basis. Premiums and discounts on investment and mortgage-backed securities are amortized into net income over the actual or expected lives of the securities using the level-yield method.

If a decline in fair value below the amortized cost basis of an investment is judged to be other-than-temporary, the investment is written down to fair value as a new cost basis. For debt securities, when Central Bank determines that it is more-likely-than-not that Central Bank will not have to sell the security before recovery of its cost basis, the loss component of an other-than-temporary impairment loss is recognized in earnings, and the remaining portion in other comprehensive income. The loss component recognized in earnings is identified as the amount of principal cash flows not expected to be received over the term of the security as estimated based on the cash flow projections discounted at the applicable original discount rate.

Central Bank's investments in the Federal Home Loan Bank of Boston and the Co-operative Central Bank of Boston are reported at fair value. Such investments are reviewed for impairment when impairment indications are present. Factors considered in such reviews include a current financial analysis of the issuer and an assessment of future financial performance.

Loans

Loans that management has the intent and ability to hold for the foreseeable future are reported at the lower of aggregate cost or fair value, adjusted by unamortized discounts, premiums, and net deferred loan origination costs and fees.

Loans classified as held for sale are stated at the lower of aggregate cost or fair value. Fair value is estimated based on the fair value of the underlying commitments. Net unrealized losses, if any, are provided for in a valuation allowance by charges to other comprehensive income on commitments (generally on a best efforts delivery basis) to sell loans held for sale in order to reduce net unrealized losses on the origination of such loans. Loans held for sale are sold on a servicing released basis. As of March 31, 2012, there were no loans held for sale.

Mortgage loan commitments that relate to the origination of a mortgage that will be held for sale upon completion of the loan instruments. Loan commitments that are derivatives are recognized at fair value on the consolidated balance sheet and their liabilities with changes in their fair values recorded in noninterest income.

Table of Contents

Central carefully evaluates all loan sales agreements to determine whether they meet the definition of a loan sale. Circumstances may differ significantly. If agreements qualify, to protect against the price risk inherent in loan sales, Central generally uses its best efforts to forward loan sale commitments to mitigate the risk of potential default that would result from the exercise of the derivative loan commitments. Mandatory delivery contracts are a type of loan sale instrument. Accordingly, forward loan sale commitments are recognized at fair value on the consolidated balance sheet with liabilities with changes in their fair values recorded in other noninterest income.

Loan origination fees, net of certain direct loan origination costs, are deferred and are amortized into income over the loan term using the level-yield method. At March 31, 2012 and 2011, net deferred loan costs of \$91 thousand and \$23 thousand, respectively, were included with the related loan balances for financial presentation purposes.

Interest income on loans is recognized on an accrual basis using the simple interest method only if deemed collectible. Accrual of interest has been discontinued and loans are designated as nonaccrual loans. Accrual of interest on loans is discontinued when loan fees or costs are discontinued either when reasonable doubt exists as to the full and timely collection of principal or when a loan becomes contractually past due 90 days with respect to interest or principal. The accrual on some loans is resumed though they are more than 90 days past due if management deems it appropriate, provided that the loan is deemed collectible. When a loan is placed on nonaccrual status, all interest previously accrued but not collected is reversed from interest income. Interest accruals are resumed on such loans only when they are brought fully current and when, in the judgment of management, the loans are estimated to be fully collectible as to both principal and interest.

Loans are classified as impaired when it is probable that Central Bank will not be able to collect all amounts due under contractual terms of the loan agreement. Impaired loans, except those loans that are accounted for at fair value such as loans held for sale, are accounted for at the present value of the expected future cash flows discounted at the interest rate, or as a practical expedient in the case of collateral dependent loans, the lower of the fair value less costs to sell, or the recorded amount of the loan. In evaluating collateral values for impaired loans, management may use opinions of value when deemed necessary and may discount those appraisals depending on the likelihood of sale. Factors considered by management when discounting appraisals are the age of the appraisal, availability of comparable sales, and property type. Management considers the payment status, net worth and earnings potential of the borrower, the value and cash flow of the collateral as factors to determine if a loan will be paid in accordance with its terms. Management does not set any minimum delay of payments as a factor in reviewing for impairment classification. For residential loans, management believes that the collectibility of a portion or all of the loan's principal balance is remote if the borrower is in arrears for 90 days or more. All troubled debt restructurings (TDRs) are considered to be impaired. A TDR occurs when Central Bank grants a concession to a borrower with impaired ability to pay that it otherwise would not. The majority of TDRs involve a modification in loan terms such as a temporary reduction in the interest rate, a temporary period of interest only, and escrow (if required). TDRs are accounted for as set forth in ASC 310-10-35. A TDR is typically on non-accrual until the borrower successfully performs under the new terms for at least six months. A TDR may be kept on accrual immediately following the restructuring in those instances where a borrower is deemed to be performing and management determines that principal and interest under the new terms are fully collectible.

Existing performing loan customers who request a non-TDR loan modification and who meet Central Bank's criteria usually pay a fee, modify their original loan terms to terms currently offered. The modified terms of the loan are similar to those offered to new customers with similar credit, income, and collateral. Each modification is examined on its merits and the modification of terms represents

Table of Contents

more than a minor change to the loan, then the unamortized balance of the pre-modification deferred fees or costs on a mortgage loan are recognized in interest income at the time of the modification. If the modification of the loan is a minor change to the loan, then the unamortized balance of the pre-modification deferred fees or costs are amortized over the remaining life of the loan.

Allowance for Loan Losses

The allowance for loan losses is maintained at a level determined to be adequate by management to absorb the estimated evaluation of known and inherent risks in the portfolio. This allowance is increased by provisions charged-off, recoveries on loans previously charged-off, and reduced by charge-offs on loans or reductions in the portfolio expense.

Central Bank provides for loan losses in order to maintain the allowance for loan losses at a level that is expected to absorb probable losses based on an evaluation of known and inherent risks in the portfolio. In determining the allowance for loan losses, management considers past and anticipated loss experience, evaluations of the condition of the borrower, prevailing economic conditions, the nature and volume of the loan portfolio, and other classified loans. The amount of the allowance is based on estimates and ultimate losses may vary. Management assesses the allowance for loan losses on a quarterly basis and provides for loan losses monthly when necessary to maintain the allowance.

Regarding impaired loans, Central Bank individually evaluates each loan and documents what management believes is the reserve level in accordance with ASC 310. If management does not believe that any separate reserves are warranted at the evaluation date in accordance with ASC 310, such loans would continue to be evaluated separately and not included in the general ASC 450 *Contingencies* (ASC 450) formula based reserve calculation. In evaluating management discounts of appraised values, selling and resolution costs are taken into consideration in determining the reserve required when appropriate.

The methodology employed in calculating the allowance for loan losses is portfolio segmentation. For the entire portfolio, this is further refined through stratification within each segment based on loan-to-value (LTV) ratios segmented by type of properties securing those loans. This approach allows Central Bank to take into account how different sectors of the real estate market change value at differing rates and thereby present different risk levels. The following categories:

- Apartments
- Offices
- Retail
- Mixed Use
- Industrial/Other

Monthly, CRE loans are segmented using the above collateral-types and three LTV ratio categories: < 60%, 60-70%, and > 70%. These ranges are subjective, management feels that each category represents a significantly different default risk. Loans carrying higher LTV ratios are assigned incrementally higher ASC 450 reserve rates. Annually, management adjusts the appraised values which are used to calculate LTV ratios in our allowance for loan losses based on an independent appraiser and it indicates annual changes in value for each property type in Central Bank's portfolio. Management then adjusts the appraised or most recent appraised values based on the year the appraiser was believed to be appropriate based on Central Bank's own experience with collateral values in its market. Central Bank's allowance for

Table of Contents

loan loss methodology with respect to CRE, unfavorable trends in the value of real estate will increase allowance for loan losses.

In developing ASC 450 reserve levels, regulatory guidance suggests using Central Bank's charge-off history. Central Bank's charge-off history in recent years has been minimal. The charge-off ratios are then adjusted based on impaired loans, trends in charge-offs and recoveries, trends in underwriting practices, experience of loan staff, industry conditions, and changes in credit concentrations. There is a concentration in CRE loans. Management's efforts to reduce the levels of commercial real estate and construction loans are reflected in the commercial real estate concentration ratio, which is calculated as total non-owner-occupied commercial real estate loans divided by Central Bank's risk-based capital. At March 31, 2012, the commercial real estate concentration ratio was 330% at March 31, 2011, and 466% at March 31, 2010.

Residential loans, home equity loans and consumer loans, other than TDRs and loans in the process of foreclosure, are collectively evaluated for impairment. In addition to our charge-off experience, factors considered in determining reserve levels are trends in delinquent and impaired loans, changes in the value of collateral, trends in underwriting practices, experience of loan staff, national and local economic trends, industry conditions, and credit concentrations. TDRs and loans that are in the process of foreclosure or repossession are evaluated individually.

Commercial and industrial and construction loans that are not impaired are evaluated under ASC 450-32. The appropriate reserve levels include trends in delinquent and impaired loans, changes in the value of collateral, trends in recoveries, trends in underwriting practices, experience of loan staff, national and local economic trends, industry conditions, and credit concentrations. Those loans that are individually reviewed for impairment are evaluated accordingly.

During the year ended March 31, 2012, management changed the various ASC 450 loss factors, specifically delinquencies and impaired loans, changes in collateral values, charge-offs and recoveries, and trends in industry conditions among the different loan types. As a result of these loss factor changes, increases in ASC 450-32 of \$4.5 thousand were made to the allowance for loan losses.

Although management uses available information to establish the appropriate level of the allowance for loan losses, reductions to the allowance may be necessary based on estimates that are susceptible to change as a result of volume, changes in economic market area conditions or other factors. As a result, our allowance for loan losses may not cover actual loan losses, and future provisions for loan losses could materially adversely affect Central Bank's financial statements. Various regulatory agencies, as an integral part of their examination process, periodically review Central Bank's financial statements. Regulatory agencies may require Central to recognize adjustments to the allowance based on their judgments about the appropriateness of the allowance at the time of their examination. Management currently believes that there are adequate reserves and collateral to cover losses that may result from these loans at March 31, 2012.

In the ordinary course of business, Central Bank enters into commitments to extend credit, commercial loans, and letters of credit. Such financial instruments are recorded in the consolidated financial statements when they become probable. The amount associated with these commitments is evaluated in a manner similar to the allowance for loan losses. Total commitments is included in other liabilities in the balance sheet. At March 31, 2012 and 2011, the reserve for commitments was not significant.

Table of Contents

Subordinated Debentures

On September 16, 2004, Central completed a trust preferred securities financing in the amount of \$5.1 million. Central formed a Delaware statutory trust, known as Central Bancorp Capital Trust I (Trust I). Trust I issued trust preferred securities in a private placement and issued \$158,000 of trust common securities to Central. Trust I used the proceeds to purchase \$5.3 million of Central's floating rate junior subordinated debentures due December 15, 2031. The interest rate on the Trust I Debentures and the trust preferred securities is variable and adjustable quarterly at 2% plus the 3-month LIBOR rate. On March 31, 2012 the interest rate was 2.91%. The Trust I Debentures are the sole assets of Trust I and are subject to existing and future obligations for borrowed money. With respect to Capital Trust I, the trust preferred securities have 30-year lives and may be callable by Central or the Trust, at their respective option, subject to prior approval of the Federal Reserve Board, if then required. Interest on the trust preferred securities and the debentures may be deferred at any time or from time to time for a period not exceeding 20 consecutive quarterly periods (five years), provided there is no event of default.

On January 31, 2007, Central completed a trust preferred securities financing in the amount of \$5.9 million. Central formed a Connecticut statutory trust, known as Central Bancorp Statutory Trust II (Trust II). Trust II issued trust preferred securities in a private placement and issued \$183,000 of trust common securities to Central. Trust II used the proceeds to purchase \$6.1 million of Central's floating rate junior subordinated debentures due March 15, 2031. From January 31, 2007 until March 15, 2017 (the Fixed Rate Period), the interest rate on the Trust II Debentures and the trust preferred securities is fixed at 7.015% per annum. Upon the expiration of the Fixed Rate Period, the interest rate on the trust preferred securities will be at a variable per annum rate, reset quarterly, equal to the three-month LIBOR rate plus 2%. The Trust II Debentures are the sole assets of Trust II. The Trust II Debentures and the trust preferred securities each have 30-year lives and may be callable by Central or Trust II, at their respective option, subject to prior approval of the Federal Reserve Board, if then required. Interest on the trust preferred securities and the debentures may be deferred at any time or from time to time for a period not exceeding 20 consecutive quarterly payment periods (five years), provided there is no event of default.

The trust preferred securities generally rank equal to the trust common securities in priority of payment over the trust common securities if and so long as Central fails to make principal or interest payments on the Trust I and Trust II Debentures. Concurrently with the issuance of the Trust I and the Trust II Debentures and the trust preferred securities, Central will issue to each trust's securities for the benefit of the respective holders of Trust I and Trust II.

Income Taxes

Central recognizes income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the consequences attributable to differences between the accounting basis and the tax basis of Central Bank's assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the differences are expected to be realized or settled. Central Bank's deferred tax asset is reviewed periodically and is reduced to the extent that it is not recognized as deferred income tax expense or benefit based on management's judgments relating to the expected future tax consequences.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination, while others are subject to uncertainty about the merits of the position taken or the amount of the position that will be sustained. The benefit of a tax position is recognized only if it is more likely than not to be sustained.

Table of Contents

in the consolidated financial statements in the period during which, based on all available evidence, more-likely-than-not that the position will be sustained upon examination, including the resolution of all uncertainties. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not criteria are measured as the largest amount of tax benefit that is more than 50% likely of being realized upon examination. The portion of the benefits associated with tax positions taken that exceeds the amount measured as a liability for unrecognized tax benefits along with any associated interest and penalties that would be charged upon examination. Interest and penalties associated with unrecognized tax benefits, if any, would be charged to income taxes in the statement of income.

Banking Premises and Equipment

Land is stated at cost. Buildings, leasehold improvements and equipment are stated at cost, less allowance for depreciation and amortization. Depreciation and amortization are computed on the straight-line method over the estimated useful lives of the assets, or the term of the leases, if shorter. Rental payments under long-term leases are charged to expense on a straight-line basis over the term of the leases.

Other Real Estate Owned

Other real estate owned (OREO) is recorded at fair market value less estimated selling costs. Subsequent to acquisition, OREO is periodically appraised by management and asset values are adjusted downward if necessary.

Accounting for Goodwill and Impairment

ASC 350, *Intangibles – Goodwill and Other*, (ASC 350) addresses the method of identifying and measuring intangible assets having indefinite lives acquired in a business combination, eliminates further amortization of goodwill, and prescribes impairment evaluations of goodwill using a fair value methodology prescribed in ASC 350. In accordance with ASC 350, Central Bank does not amortize the goodwill balance of \$2.2 million. Central consists of a single reporting unit. Impairment testing is performed more frequently as a result of an event or change in circumstances (e.g., recurring operating losses by the reporting unit) that indicate an impairment adjustment may be necessary. Central adopted December 31 as its assessment date for goodwill impairment testing performed during each year and in each analysis, it was determined that an impairment charge was not necessary. As of December 31, 2011, impairment testing was performed as of December 31, 2011 utilizing average earnings and average book and tangible book value of Central Bank as compared to banks considered to be comparable to Central, and management determined that no impairment existed. In addition, management reviewed 2011 sales transaction data of financial institutions in the New England area of similar size, credit quality, and tangible assets levels and management believes that the overall assumptions utilized in the testing process were appropriate. In connection with 2011 impairment testing, management also considered utilizing market capitalization, but ultimately concluded that the most appropriate measure of Central Bank's fair value due to the overall depressed valuations in the financial services industry, insider ownership and the lack of volume in trading in Central Bank's shares of common stock. Management's estimate of fair value generally reflects the premium that a buyer would typically pay for a controlling interest. No impairment charge was recorded for the months ended March 31, 2012 which would indicate that the impairment test would need to be re-performed.

Pension Benefits and Other Post-Retirement Benefits

Central Bank provides pension benefits for its employees in a multi-employer pension plan through the Employees Retirement Association. Pension costs are funded as they are accrued and are accounted for as an expense.

Table of Contents

Central Bank maintains supplemental retirement plans (SERP) for two highly compensated employees. Central Bank is subject to regulatory limits on benefits under qualified pension plans. Central Bank recognizes retirement expenses for the year in which the expense is performed by a benefits administrator. Annual SERP expense can vary based upon changes in factors such as interest rates and estimated retirement ages.

Central Bank also maintains a post-retirement medical insurance plan and life insurance plan for certain employees. Central Bank recognizes the over funded or under funded status of the plan as an asset or liability in its statement of financial position and changes in that funded status in the year in which the changes occur through other comprehensive income. *Compensation Retirement Benefits (ASC 715)*.

Related Party Transactions

Directors and officers of Central and their affiliates have been customers of and have had transactions with Central Bank that such persons will continue to have such transactions in the future. Management believes that all directors' and officers' commitments comprising such transactions were made in the ordinary course of business, on substantially the same terms, rates and collateral, as those prevailing at the time for comparable transactions with other customers with whom Central Bank does business. In the opinion of management, the transactions with related parties did not involve more than normal risks of business, nor present other unfavorable features.

Stock-Based Compensation

Central accounts for stock based compensation pursuant to ASC 718 *Compensation Stock Compensation*. Central uses the Black-Scholes option pricing model as its method for determining fair value of stock option grants. Central has two qualified stock option plans for the benefit of officers and other employees under which an aggregate of 150,000 shares are reserved for issuance. One of these plans expired in 1997 and the other plan expired in 2009. All awards under the plans were granted by the end of 2005. Awards outstanding at the time the plans expire will continue to remain outstanding.

On July 31, 2006, Central's stockholders approved the Central Bancorp, Inc. 2006 Long-Term Incentive Plan. Under the Incentive Plan, 150,000 shares have been reserved for issuance as options to purchase stock, restricted stock, or restricted stock units. However, a maximum of 100,000 restricted shares may be granted under the plan. The exercise price of the options is the fair market value of Central's common stock on the date of grant of the option and may not be exercised until the date of grant. However, awards may become available again if participants forfeit awards under the plan prior to the date of grant. As of March 31, 2012, no shares remained unissued and available for award under the Incentive Plan.

Forfeitures of awards granted under the incentive plan are estimated at the time of grant and revised, if necessary, if actual forfeitures differ from those estimates in order to derive Central's best estimate of awards ultimately expected to vest. Forfeiture rates represent only the unvested portion of a surrendered option and are typically estimated based on an analysis of Central's historical data. Central applied a forfeiture rate of 0% to stock options outstanding under the Incentive Plan for compensation expense for each of the years ended March 31, 2012 and 2011.

During the fourth quarter of fiscal 2012, 9,880 restricted shares were issued under the Incentive Plan. Of these shares, 7,880 shares vest immediately and 7,880 shares vest over a five-year life. During the fourth quarter of fiscal 2012, Central purchased an aggregate of 40,000 shares. Of these stock options, 8,267 options vested immediately and 8,267 options vest over a five-year life. During fiscal 2011, 13,920 shares were issued under the Incentive Plan. Of these shares, 5,871 shares vest immediately and 5,871 shares vest over a five-year life.

Table of Contents

shares vest over a five-year life. Stock-based compensation totaled \$441 thousand for the year ended March 31, 2011 for all options and restricted shares based on their respective vesting schedules.

The number of shares and weighted average exercise prices of outstanding stock options at March 31, 2012 are as follows:

	Number of Shares
Balance at March 31, 2010	53,600
Exercised	
Forfeited	(12,400)
Expired	(6,600)
Balance at March 31, 2011	34,600
Granted	40,000
Exercised	
Forfeited	
Expired	(8,000)
Balance at March 31, 2012	73,589
Exercisable at March 31, 2012	41,800

As of March 31, 2012, Central expects all non-vested stock options to vest over their remaining vesting period.

The range of exercise prices, weighted average remaining contractual lives of outstanding stock options at March 31, 2012 are as follows:

Exercise Price	Options Outstanding				Aggregate Intrinsic Value (1) (in Thousands)	Number of Shares Exercisable
	Number of Shares Outstanding	Weighted Average Contractual Life (Years)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)		
\$28.99	23,589(2)	2.9	\$ 28.99		\$	
31.20	10,000(2)	4.5	31.20			
17.50	40,000(3)	9.8	17.50	28		
	73,589	6.9	\$ 23.04	\$ 28		

- (1) Represents the total intrinsic value, based on Central's closing stock price of \$18.20 as of March 31, 2012, that would have been received by the option holders had all option holders exercised their options as of that date.
- (2) Fully vested at March 31, 2012.

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(3) Subject to a variable vesting schedule.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

Assumptions
Expected dividends
Expected term
Expected volatility
Risk-free interest rate

F-14

Table of Contents

A summary of non-vested stock award activity under all Company plans for the years ended March 31 follows:

Non-Vested Shares	Number of Shares
Balance at March 31, 2010	46,800
Granted	13,920
Vested	(21,771)
Forfeited	
Non-vested at March 31, 2011	38,949
Granted	9,880
Vested	(32,900)
Forfeited	
Non-vested at March 31, 2012	15,929

Regarding the stock awards, 9,880 shares of restricted and unrestricted stock grants were issued during the year ended March 31, 2012 and the stock-based compensation expense associated with those shares totaled \$213 thousand. All shares have been issued under the Incentive Plan since fiscal 2007 with total outstanding vested shares of 15,929 shares at a grant price of \$21.81 per share as of March 31, 2012.

As of March 31, 2012, the total expected future compensation costs related to options and stock awards were \$249 thousand on stock options and \$249 thousand on stock awards. The projected annual expense is \$123 thousand through fiscal 2016 and \$68 thousand for fiscal 2017.

Earnings Per Share

Regarding earnings per share, Central adheres to guidance as set forth by ASC 360, *Earnings Per Share*. Earnings per share (EPS) is computed by dividing income available to common stockholders by the weighted-average number of shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts, such as stock options, were exercised or converted into common stock. Unallocated shares of common stock under the Co-operative Bank Employee Stock Ownership Plan Trust (the ESOP) are not treated as being outstanding for basic or diluted EPS. At March 31, 2012 and 2011, there were approximately 133,000 and 154,000 unallocated shares with fair values of \$2.4 million and \$2.9 million, respectively.

Table of Contents

The following depicts a reconciliation of basic and diluted earnings per share:

Net income as reported
Less preferred dividends and accretion
Net (loss) income (attributable) available to common Stockholders
Weighted average number of common shares outstanding
Weighted average number of unallocated ESOP shares
Weighted average number of common shares outstanding used in calculation of basic earnings per share
Incremental shares from the assumed exercise of dilutive common stock equivalents
Weighted average number of common shares outstanding used in calculating diluted earnings per share

(Loss) earnings per share:

Basic

Diluted

At March 31, 2012 and 2011, respectively, 20,799 and 34,458 stock options were anti-dilutive and were excluded from the calculation.

Bank-Owned Life Insurance

Central Bank follows ASC 325 *Investments - Other* (ASC 325) in accounting for this asset and the cash value are recognized in other noninterest income and are not subject to income taxes while the death benefit value. Prior to the purchase of the policies, Central Bank reviewed the financial strength of the respective insurance companies and conduct such reviews on an annual basis. Bank-owned life insurance totaled \$9.6 million at March 31, 2011.

Other Comprehensive Income

Central has established standards for reporting and displaying comprehensive income, which is defined as net income, adjustments to net income by, and distributions to, shareholders. Net income is a component of comprehensive income. Other comprehensive income, in the aggregate, as other comprehensive income. Other comprehensive income consists of unrealized gains and losses on available-for-sale securities, net of taxes, and unrealized gain or loss on post-retirement benefits, net of taxes.

The components of accumulated other comprehensive income, included in stockholders' equity, are as follows:

Net unrealized gain on securities available for sale	\$ 1
Tax effect	
Net-of-tax amount	

Unrealized gain on pension benefits

Tax effect

Net-of-tax amount

Accumulated other comprehensive income

\$

F-16

Table of Contents

Recent Accounting Pronouncements

In April 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-03, *Transfers and Servicing of Effective Control for Repurchase Agreements*. The main provisions in this amendment remove from (1) the criterion requiring the transferor to have the ability to repurchase or redeem the financial assets even in the event of default by the transferee, and (2) the collateral maintenance implementation guidance. Eliminating the transferor's ability criterion and related implementation guidance from an entity's assessment improves the accounting for repos and other similar transactions. The guidance in this update is effective beginning on or after December 15, 2011 and should be applied prospectively to transactions or modifications that occur on or after the effective date. Early adoption is not permitted. The adoption of this guidance did not have a material impact on Central's consolidated financial statements.

In May 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-04, *Fair Value Measurements: Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*. The result of the work by the FASB and the International Accounting Standards Board to develop common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with U.S. generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRSs). The amendments change the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. In order to achieve common requirements, the FASB does not intend for these amendments to result in a change in the application of the amendments are to be applied prospectively. The amendments are effective during interim and annual periods beginning after December 15, 2011. Early application is not permitted. The adoption of this guidance did not have a material impact on Central's consolidated financial statements.

In June 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-05, *Comprehensive Income: Improving the Presentation of Comprehensive Income*. The objective of this update is to improve the comparability, consistency, and clarity of comprehensive income and to increase the prominence of items reported in other comprehensive income. The amendments in this update require changes in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two consecutive statements. The amendments are to be applied retrospectively. The amendments are effective for annual periods beginning after December 15, 2011. Early adoption is permitted. The adoption of this guidance did not have a material impact on Central's consolidated financial statements.

In September 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-08, *Intangibles—Goodwill and Other: Testing Goodwill for Impairment*. The objective of this update is to simplify how entities test goodwill for impairment. This update permits an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step impairment test described in Topic 350. The more-likely-than-not threshold is defined as having a likelihood of more than 50 percent. The amendments are to be applied prospectively. The amendments are effective for annual and interim goodwill impairment tests beginning after December 15, 2011. Early adoption is permitted. The adoption of this guidance did not have a material impact on Central's consolidated financial statements.

In September 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-09, *Compensation—Retirement Benefits: Multiemployer Plans (Subtopic 715-80), Disclosures about an Employer's Participation in a Multiemployer Plan*. The amendments and expanded disclosures for individually material multi-employer pension plans. The changes are effective for annual periods beginning after December 15, 2011. Early adoption is permitted. The adoption of this guidance did not have a material impact on Central's consolidated financial statements as the amendments relate only to disclosures in the financial statements.

Table of Contents

In December 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-10, *Property, Plant, and Equipment—De-recognition of In Substance Real Estate—a Scope Clarification*. Under the amendments in this update, a reporting entity with a controlling financial interest in a subsidiary that is in substance real estate as a result of default on the part of the reporting entity should apply the guidance in Subtopic 360-20 to determine whether it should derecognize the real estate. The amendments are to be applied prospectively to deconsolidation events occurring after the effective date of the amendments, fiscal years and interim periods within those years, beginning on or after June 15, 2012. Central does not anticipate that the adoption of this guidance will have a material impact on Central's consolidated financial statements.

In December 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-11, *Balance Sheet Offsetting Assets and Liabilities*. Under the amendments in this update, entities are required to disclose information about both instruments and transactions eligible for offset in the statement of financial position. The scope includes transactions subject to an agreement similar to a master netting arrangement. This scope includes derivative contracts, repurchase agreements and reverse sale and repurchase agreements, and securities borrowing and securities lending transactions. Entities are required to apply the amendments for annual reporting periods beginning on or after January 1, 2013, and interim reporting periods. An entity should provide the disclosures required by the amendment retrospectively for all comparative periods. Central does not anticipate that the adoption of this guidance will have a material impact on Central's consolidated financial statements.

In December 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-12, *Comprehensive Income—Reclassification Adjustments—the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income*. The objective of this update is to allow the FASB to require entities to present reclassification adjustments by component in both the statement where net income is presented and the statement where other comprehensive income is presented for both interim and annual financial statements. All entities are not affected by this Update, including the requirement to report comprehensive income either in a single statement or in two separate but consecutive financial statements. The amendments are effective during interim and annual reporting periods beginning on or after December 15, 2011. Central does not anticipate that the adoption of this guidance will have a material impact on Central's consolidated financial statements.

Note 2. Investments (In Thousands)

The amortized cost and fair value of investments securities available for sale are summarized as follows:

	Amortized Cost
Government agency and government sponsored enterprise mortgage-backed securities	\$ 30,453
Single issuer trust preferred securities issued by financial institutions	1,001
Total debt securities	31,454
Perpetual preferred stock issued by financial institutions	3,043
Common stock	3,361
Total	\$ 37,858

Table of Contents

	Amortized Cost
Government agency and government sponsored enterprise mortgage-backed securities	\$ 18,129
Single issuer trust preferred securities issued by financial institutions	1,002
Total debt securities	19,131
Perpetual preferred stock issued by financial institutions	3,071
Common stock	1,799
Total	\$ 24,001

During the twelve-month period ended March 31, 2012, Central's common stock holding was determined to be temporarily impaired and its book value was reduced through an impairment charge of \$47 thousand. This impairment charge was recorded in Central's consolidated statements of operations from sales and write-downs of investment securities.

Temporarily impaired securities as of March 31, 2012 are presented in the following table and are aggregated by length of time that individual securities have been in a continuous loss position.

	Less Than or Equal to 12 Months	Unrealized Losses
	Fair Value	Loss
Government agency and government sponsored enterprise mortgage-backed securities	\$ 12	\$ 11
Perpetual preferred stock issued by financial institutions	687	85
Common stock	687	85
Total temporarily impaired securities	\$ 699	\$ 196

As of March 31, 2012, Central has nine government agency mortgage-backed securities which have been in a continuous loss position for a period greater than twelve months and five which have been in a continuous loss position for less than twelve months. These securities have a total fair value of \$372 thousand and unrealized losses of \$11 thousand as of March 31, 2012. Management has the intent to sell these securities and it is more likely that it will not have to sell these securities before they mature. In its analysis of these securities, it has been determined that none of the securities are other-than-temporarily impaired as of March 31, 2012.

Central has one preferred stock security which has been in a continuous loss position for greater than twelve months. This security has a fair value of \$991 thousand and an unrealized loss of \$25 thousand at March 31, 2012. This security's book value ratio of 2.5% at March 31, 2012 compared to a loss to book value ratio of 7.8% at March 31, 2012. In its analysis of preferred stocks, management considers these securities to be similar to debt securities for analysis purposes. In its analysis of this information, management has determined that the unrealized losses on Central's investment in this security are other-than-temporary as of March 31, 2012.

Central has eight equity securities with a fair value of \$687 thousand and unrealized losses of \$85 thousand as of March 31, 2012. The total unrealized losses relating to these equity securities represent 11% of the fair value when compared to the ratio of unrealized losses to book value.

Table of Contents

of 6.3% at March 31, 2011. Of these eight securities, none have been in a continuous loss position for indicates that, due to current economic conditions, the time for many stocks to recover may be substantial investment approach is to be a long-term investor. As of March 31, 2012, Central has determined that these securities are not other-than-temporary based on the projected recovery of the unrealized losses, hold until recovery of cost.

The maturity distribution (based on contractual maturities) and annual yields of debt securities at March

Government agency and government sponsored enterprise mortgage-backed securities

Due within one year

Due after one year but within five years

Due after five years but within ten years

Due after ten years

Total

Single issuer trust preferred securities issued by financial institutions:

Due after ten years

Total

Mortgage-backed securities are shown at their contractual maturity dates but actual maturities may differ due to prepay obligations without incurring prepayment penalties.

Proceeds from sales of investment securities and related gains and losses for the years ended March 31 (available for sale) were as follows:

	2012
	(Dollars in millions)
Proceeds from sales, maturities, redemptions	\$ 6,000
Gross gains	\$ 100
Gross losses	\$ (100)
Other- than- temporary impairments	\$ (100)
Net realized gain	\$ 100
Income tax expense on net realized gains	\$ (100)

Mortgage-backed securities with an amortized cost of \$381 thousand and a fair value of \$426 thousand provide collateral for certain customers. Investment securities carried at \$2.1 million were pledged under Central Bank's advances from the FHLB of Boston. Additionally, investment securities carried at \$2.1 million borrowing capacity at the Federal Reserve Bank of Boston.

As a member of the FHLB of Boston, Central is required to invest in \$100 par value stock of the FHLB. The capital structure mandates that members must own stock as determined by their total stock investment member's membership stock investment requirement and activity-based stock investment requirement. The requirement is calculated as

Table of Contents

0.35% of the member's stock investment base, subject to a minimum investment of \$10 thousand and... The stock investment base is an amount calculated based on certain assets held by a member that are not... applicable regulatory authorities. The activity-based stock investment requirement is calculated as 4.5%... balances of FHLB advances plus a percentage of advance commitments, 4.5% of standby letters of credit... 4.5% of the value of intermediated derivative contracts.

Central views its investment in the FHLB of Boston stock as a long-term investment. Accordingly, when... value is determined based on the ultimate recovery of the par value rather than recognizing temporary... of whether a decline affects the ultimate recovery is influenced by criteria such as: (1) the significance... FHLB of Boston as compared to the capital stock amount and length of time a decline has persisted; (2)... changes on the FHLB of Boston and (3) the liquidity position of the FHLB of Boston.

On August 8, 2011, Standard & Poor's Ratings Services cut the credit ratings for many government-re... reflecting their dependence on the recently downgraded U.S. Government. Included in those downgraded... Loan Banks, including the FHLB of Boston. The other two Federal Home Loan Banks previously had...

Central does not believe that its investment in the FHLB of Boston is impaired as of March 31, 2012. It... in the near term in the event that: (1) additional significant impairment losses are incurred on the mortg... significant decline in the FHLB of Boston's regulatory capital status; (2) the economic losses resultin... mortgage-backed securities increases significantly; or (3) capital preservation strategies being utilized... ineffective.

The Co-operative Central Bank Reserve Fund (the "Fund") was established for liquidity purposes and... insured co-operative banks in Massachusetts. The Fund is used by The Co-operative Central Bank to a... make other investments.

Note 3. Loans and the Allowance for Loan Losses (In Thousands)

Loans, excluding loans held for sale, as of March 31, 2012 and 2011 are summarized below (in thousand)

	2012
Real estate loans:	
Residential real estate (1-4 family)	\$ 270,35
Commercial real estate	167,15
Land and construction	9,
Home equity lines of credit	8,4
Total real estate loans	446,9
Commercial loans	1,1
Consumer loans	8,
Total loans	448,8
Less: allowance for loan losses	(4,2
Total loans, net	\$ 444,6

Nonaccrual loans totaled \$9.1 million as of March 31, 2012 and were comprised of seven commercial... which totaled \$7.9 million and seven residential customer relationships which totaled \$1.2 million. Non... of March 31, 2011 and were comprised of five commercial real estate customer relationships which to... residential customers which

Table of Contents

totalled \$2.9 million of which there were three residential customer relationships totaling \$363 thousand. Nonaccrual loans include nonaccrual impaired loans as well as certain nonaccrual residential loans that

Financing Receivables on Nonaccrual Status as of:

	March 31 2012
Commercial real estate:	
Mixed use	\$ 1,49
Apartments	2,11
Industrial (other)	2,97
Retail	
Offices	1,27
Residential:	
Residential (1-4 family)	1,19
Condominium	
	\$ 9,04

Following is an age analysis of past due loans as of March 31, 2012 and March 31, 2011, by loan portfolio

	Age Analysis of Past Due Financing Receivables			
	30-59 Days Past Due	60-89 Days Past Due	90 Days Or More	Past Due
Commercial real estate:				
Mixed use	\$	\$	\$	\$
Apartments		1,533		
Industrial (other)		616	777	
Retail				
Offices		562		
Land and construction				
Residential:				
Residential real estate loans	490	329	436	
Residential (condominium)				
Home equity lines of credit	8			
Commercial and industrial loans				
Consumer loans				
	\$ 498	\$ 3,040	\$ 1,213	\$

Table of Contents

	Age Analysis of Past Due Financing R			
	30-59 Days Past Due	60-89 Days Past Due	90 Days Or More	Pa
Commercial real estate:				
Mixed use	\$ 398	\$	\$ 1,616	\$
Apartment		258	2,757	
Industrial (other)			1,500	
Retail			769	
Offices				
Land and construction				
Residential:				
Residential real estate	782	247	2,587	
Condominium			352	
Home equity lines of credit				
Commercial and industrial loans				
Consumer loans	4			
	\$ 1,184	\$ 505	\$ 9,581	\$

There were no loans which were past due 90 days or more and still accruing interest as of March 31, 2012.

Credit Quality Indicators. Management regularly reviews the problem loans in Central Bank's portfolio and require classification in accordance with Bank policy and applicable regulations. The following tables show loans classified as pass, special mention, substandard or doubtful at March 31, 2012 and 2011 by loan class. Special mention or lower risk rating. Special mention loans are performing loans on which known information or the possible credit problems of the borrowers have caused management to have doubts as to the ability to present loan repayment terms and which may result in the future inclusion of such loans in the non-performing category. Loans considered substandard if it is inadequately protected by the current net worth and paying capacity of the borrower, pledged, if any. Substandard loans include those characterized by the distinct possibility Central Bank that the deficiencies are not corrected. Loans classified as doubtful have all the weaknesses inherent as those classified as substandard characteristic that the weaknesses present make collection or liquidation in full on the basis of current conditions and values, highly questionable and improbable. Loans classified as loss are considered uncollectible and their continuance as loans without the establishment of specific loss allowance is not warranted. Loans classified as loss are individually evaluated for impairment.

The following tables display the loan portfolio by credit quality indicators as of March 31, 2012 and March 31, 2011.

	March 31, 2012				
	Commercial and Industrial Loans	Residential Real Estate	Home Equity Lines of Credit	Commercial Real Estate	L Co
Pass	\$ 1,127	\$ 269,280	\$ 8,466	\$ 151,637	\$
Special mention				7,703	
Substandard		1,044	5	7,856	
	\$ 1,127	\$ 270,324	\$ 8,471	\$ 167,196	\$

Table of Contents

	March 31, 2011				
	Commercial and Industrial Loans	Residential Real Estate	Home Equity Lines of Credit	Commercial Real Estate	L Co
Pass	\$ 2,212	\$ 181,587	\$ 8,426	\$ 188,917	\$
Special mention		1,570		7,128	
Substandard				3,029	
	\$ 2,212	\$ 183,157	\$ 8,426	\$ 199,074	\$

Following is a summary of the activity in the allowance for loan losses by loan portfolio segment for the year ending March 31, 2011 (in thousands):

	For the Year Ending March 31, 2011				
	Residential Real Estate and Condominium	Commercial Real Estate And Land	Commercial And Industrial Loans	Co	L
Beginning balance	\$ 873	\$ 2,820	\$ 17	\$	\$
Charge offs	(441)	(604)	(3)		
Recoveries	33				
Provision (benefit)	932	604	(2)		
Ending balance	\$ 1,397	\$ 2,820	\$ 12	\$	\$

	For the Year Ending March 31, 2010				
	Residential Real Estate and Condominium	Commercial Real Estate And Land	Commercial And Industrial Loans	Co	L
Beginning balance	\$ 853	\$ 2,037	\$ 44	\$	\$
Charge offs	(68)	(171)			
Recoveries					
Provision (benefit)	88	954	(27)		
Ending balance	\$ 873	\$ 2,820	\$ 17	\$	\$

Table of Contents

Following is a summary of the allowance for loan losses and loans at March 31, 2012 and March 31, 2011, disaggregated by impairment method (in thousands):

	Allowance for Loan Losses as of March 31, 2012			
	Residential Real Estate And Condominium	Commercial Real Estate And Land	Commercial And Industrial Loans	Other
Allowance for loan losses ending balance:				
Individually evaluated for impairment	\$ 210	\$ 1,315	\$	\$
Collectively evaluated for impairment	1,187	1,505	12	
	\$ 1,397	\$ 2,820	\$ 12	\$
Loans ending balance:				
Individually evaluated for impairment	\$ 1,981	\$ 13,400	\$	\$
Collectively evaluated for impairment	276,814	154,733	1,127	
	\$ 278,795	\$ 168,133	\$ 1,127	\$

	Allowance for Loan Losses as of March 31, 2011			
	Residential Real Estate And Condominium	Commercial Real Estate And Land	Commercial And Industrial Loans	Other
Allowance for loan losses ending balance:				
Individually evaluated for impairment	\$ 110	\$ 1,307	\$	\$
Collectively evaluated for impairment	763	1,513	17	
	\$ 873	\$ 2,820	\$ 17	\$
Loans ending balance:				
Individually evaluated for impairment	\$ 3,588	\$ 12,486	\$	\$
Collectively evaluated for impairment	187,833	187,572	690	
	\$ 191,421	\$ 200,058	\$ 690	\$

Table of Contents

Following is a summary of impaired loans and their related allowances within the allowance for loan losses as of March 31, 2011 (in thousands):

	Recorded Investment *	Unpaid Principal Balance	Related Allowance	Pa Char Rec Du Y
Impaired Loans and Their Related Allowances				
With no related allowance recorded:				
Residential real estate and condominium	\$ 1,048	\$ 1,128	\$	\$
Commercial real estate and land	7,740	7,747		
With an allowance recorded:				
Residential real estate and condominium	933	1,092	210	
Commercial real estate and land	5,660	5,867	1,315	
Total				
Residential real estate and condominium	1,981	2,220	210	
Commercial real estate and land	\$ 13,400	\$ 13,614	\$ 1,315	\$

* Includes accrued interest, specific reserves and net unearned deferred fees and costs.

	Recorded Investment *	Impaired Allowance
With no related allowance recorded:		
Residential real estate and condominium	\$ 2,119	
Commercial Real Estate and Land	8,894	
With an allowance recorded:		
Residential real estate and condominium	\$ 1,468	
Commercial real estate and land	3,629	
Total		
Residential real estate and condominium	3,587	
Commercial real estate and land	\$ 12,523	

* Includes accrued interest, specific reserves and net unearned deferred fees and costs.

Impaired loans are evaluated separately and measured utilizing guidance set forth by ASC 310 as described in the notes to the financial statements for the year ended March 31, 2012. All loans modified in TDRs are included in impaired loans.

Table of Contents

Following are tables detailing the modifications which occurred during the year ended March 31, 2012:

	Number of Contracts	Troubled Pre-Mortgage Outstanding Receivable Investment
TDRs during the 12 months ended March 31, 2012:		
Commercial real estate:	4	\$
Residential real estate and condominium	2	

TDRs during the 12 months ended March 31, 2012 which defaulted during the 12 months ended March 31, 2012:

	Defaulted March 31, 2012
Commercial real estate	\$
Residential real estate and condominium	2

During the twelve months ended March 31, 2012, three customer relationships with six loans in total were modified. The modifications were comprised of one commercial real estate loan relationship which totaled \$1.5 million, two residential customer relationships which totaled \$119 thousand. Charge offs were taken on two residential loans totaling \$100 thousand. Commercial real estate loans were modified for interest only payments but no interest was accrued. Residential loans involved interest rate relief and interest only periods.

The following summarizes activity with respect to loans made by Central Bank to directors and officers during the years ended March 31, 2012 and 2011:

	2012
Balance at beginning of year	\$ 105
New loans	
Repayment of principal	(99)
Balance at end of year	\$ 6

Loans included above were made in Central Bank's ordinary course of business, on substantially the same terms and collateral requirements, as those prevailing at the time for comparable transactions with unrelated persons performing in accordance with the terms of the respective loan agreement.

Note 4. Banking Premises and Equipment (In Thousands)

A summary of cost, accumulated depreciation and amortization of banking premises and equipment at

	2012
Land	\$ 589
Buildings and improvements	2,740
Furniture and fixtures	3,997
Leasehold improvements	1,568
	8,894

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Less accumulated depreciation and amortization (6,200)

Total \$ 2,694 \$

F-27

Table of Contents

Depreciation and amortization for the years ended March 31, 2012 and 2011 amounted to \$500 thousand and is included in occupancy and equipment expense in the accompanying consolidated statements of

Note 5. Other Real Estate Owned (In Thousands)

The following summarizes activity with respect to other real estate owned during the year ended March

	2012
Balance at beginning of year	\$ 132
Additions	188
Valuation adjustments	
Sales	(187)
Balance at end of year	\$ 133

During fiscal 2012, two residential properties totaling \$188 thousand were acquired through foreclosure. During fiscal 2011, one residential property totaling \$132 thousand was acquired through foreclosure. During fiscal 2011, one residential property totaling \$132 thousand was acquired through foreclosure. During fiscal 2011, one property with a book value of \$60 thousand was sold for \$62 thousand resulting in a gain on sale of \$2 thousand.

Note 6. Deposits (Dollars in Thousands)

Deposits at March 31, 2012 and 2011 are summarized as follows:

	2012
Demand deposit accounts	\$ 45,902
NOW accounts	30,547
Passbook and other savings accounts	59,924
Money market deposit accounts	67,525
Total non-certificate accounts	203,898
Term deposit certificates	
Certificates of \$100,000 and above	75,761
Certificates less than \$100,000	64,875
Total term deposit certificates	140,636
Total deposits	\$ 344,534

Contractual maturities of term deposit certificates with weighted average interest rates at March 31, 20

	Amount	Wei	I
Within 1 year	\$ 66,425		
Over 1 to 3 years	70,565		
Over 3 years	3,646		

\$ 140,636

F-28

Table of Contents**Note 7. Federal Home Loan Bank Advances** (Dollars in Thousands)

A summary of the maturity distribution of FHLB of Boston advances (based on final maturity dates) as of March 31, follows:

	2012	Weighted Average Interest Rate
	Amount	Rate
Within 1 year	\$ 29,228	3.92%
Over 1 to 2 years	11,000	2.98
Over 2 to 3 years	22,000	2.93
Over 3 to 4 years	5,000	2.89
Over 4 to 5 years		
Over 5 to 10 years	50,000	4.10
	117,228	3.68%

At March 31, 2012, advances totaling \$87 million are callable during fiscal 2013 prior to their scheduled maturity to a substantial penalty in the event it elects to prepay any of its FHLB of Boston advances.

The FHLB of Boston is authorized to make advances to its members subject to such regulations and limitations as the Bank Board may prescribe. The advances are secured by FHLB of Boston stock and a blanket lien on the assets of the member, principally as 90% of the fair value of U.S. Government and federal agency obligations and 75% of the fair value of loans on owner-occupied residential property. In addition, certain multi-family property loans are pledged as collateral for advances. Central Bank's unused borrowing capacity with the FHLB of Boston was approximately \$80 million as of March 31, 2012.

Note 8. Income Taxes (Dollars in Thousands)

The components of the provision for income taxes for the years indicated are as follows:

	Year Ended 2012
Current	
Federal	\$ (255)
State	7
Total current (benefit) provision (benefit)	(248)
Deferred	
Federal	208
State	142
Change in valuation allowance	(11)
Total deferred provision	339
Provision for income taxes	\$ 91

Table of Contents

The provision for income taxes for the periods presented is different from the amounts computed by applying the statutory tax rate to income before income taxes. The differences between expected tax rate and effective tax rate are as follows:

	Year Ended 2012
Statutory federal tax rate	34.0%
Items affecting federal income tax rate:	
Dividends received deduction	(7.8)
Net state impact of deferred rate change	
State income taxes net of federal tax benefit	10.5
Bank-owned life insurance deduction	(10.2)
Valuation allowance	(1.2)
Stock-based compensation	(1.0)
Merger expenses	4.4
Reversal of uncertain tax position	(15.3)
Other	(3.7)
Effective tax rate	9.7%

The components of gross deferred tax assets and gross deferred tax liabilities that have been recognized are as follows:

Deferred tax assets:	2
Allowance for loan losses	\$ 1
Depreciation	
Post-retirement employee benefits	
Write-down of investment securities	
Net operating loss carryforward	
Other	
Gross deferred tax assets	4
Less: valuation allowance	3
Deferred tax liabilities:	
Unrealized gain on securities, net	
Other	
Gross deferred tax liabilities	
Net deferred tax asset	\$ 3

Central has recorded a valuation allowance against certain deferred tax assets due to uncertainty surrounding the realizability of these assets. The valuation allowance is related to certain capital loss carryforwards that are only allowed to be utilized to offset capital gains, and due to uncertainty surrounding future capital gains, management believes it is more likely than not that these assets will not be realized.

The unrecaptured base year tax bad debt reserves will not be subject to recapture as long as Central continues to be engaged in banking. In addition, the balance of the pre-1988 bad debt reserves continues to be subject to provision for bad debt.

recapture in the case of certain excess distributions to shareholders. The tax effect of pre-1988 bad debt
case of certain excess distributions is approximately \$1.3 million.

Table of Contents

As of March 31, 2012, Central provided a liability of \$11 thousand of unrecognized tax benefits related to tax matters as compared to \$155 thousand as of March 31, 2011. During the year ending March 31, 2012, the prior year unrecognized tax benefits and the amount of unrecognized tax benefit that would impact if recognized, is \$11 thousand.

In general, the tax years ended March 31, 2009 through March 31, 2012 remain open to examination by the tax authorities to which Central is subject.

Note 9. Financial Instruments with Off-Balance Sheet Risk (In Thousands)

Central Bank is a party to financial instruments with off-balance sheet risk in the normal course of business with its customers. These financial instruments include unused lines of credit, unadvanced portions of commercial loans, commitments to originate loans. The instruments involve, to varying degrees, elements of credit and interest rate risk in amounts recognized in the balance sheets. The amounts of those instruments reflect the extent of Central Bank's exposure to classes of financial instruments.

Central Bank's exposure to credit loss in the event of nonperformance by the other party to its financial instruments is the contractual amount of those instruments. Central Bank uses the same credit policies in making commitments as it does for on-balance sheet instruments.

Financial instruments with off-balance sheet risks as of March 31, 2012 and 2011 included the following:

	2011
Unused lines and letters of credit	\$ 14,000
Unadvanced portions of commercial and construction loans	
Commitments to originate residential mortgage loans	24,000
Commitments to sell residential mortgage loans	
Total off-balance sheet commitments	\$ 40,000

Commitments to originate loans, unused lines of credit and unadvanced portions of commercial and construction loans are made to a customer, provided there is no violation of any condition established in the contract. Commitments may include termination dates or other termination clauses and may require payment of a fee. Since many of the commitments are for undrawn amounts, the total commitment amounts do not necessarily represent future cash requirements. Central Bank assesses the credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by Central Bank, is based on management's credit evaluation of the borrower.

Central Bank is also a party to lease commitments related to premises used to conduct its business. A schedule of banking premises for future periods under non-cancelable operating leases follows:

Years Ending	
	March 31,
	2013
	2014
	2015
	2016
	2017
	Thereafter

Total

F-31

Table of Contents

Certain leases contain renewal options, the potential impact of which is not included above. Rental expense for the periods ended March 31, 2012 and 2011 totaled \$372 thousand and \$365 thousand, respectively, and is included in other operating expenses in the accompanying consolidated statements of operations.

Note 10. Stockholders' Equity (Dollars in Thousands)

Central (on a consolidated basis) and Central Bank are subject to various regulatory capital requirements imposed by banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and discretionary actions by regulators that, if undertaken, could have a direct material effect on Central's and Central Bank's operations. Under the adequacy guidelines and the regulatory framework for prompt corrective action, Central and Central Bank must maintain minimum capital adequacy guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance sheet items, as well as accounting practices. Central Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to Central Bank as long as the minimum core (leverage) capital ratio required for banks with the highest overall rating from bank regulators is maintained (4.00% for all others). Central Bank must also have a minimum total risk-based capital ratio of 8.00% (consisting of common stockholders' equity). As of March 31, 2012, Central Bank met all capital adequacy requirements to which it is subject.

As of March 31, 2012, the most recent notification from the Federal Deposit Insurance Corporation categorization of Central Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, Central Bank must maintain minimum total risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth in the table below. There are no conditions or restrictions on that notification that management believes have changed the institution's category.

	Actual		For Capital Adequacy Purposes
	Amount	Ratio	Amount
As of March 31, 2012:			
Company (consolidated)			
Total risk-based capital	\$ 54,543	16.39%	\$ 26,623
Tier 1 capital	50,219	15.09	13,312
Tier 1 leverage capital	50,219	9.83	20,435
Bank			
Total risk-based capital	\$ 49,282	14.83%	\$ 26,585
Tier 1 capital	44,958	13.53	13,291
Tier 1 leverage capital	44,958	8.81	20,412
As of March 31, 2011:			
Company (consolidated)			
Total risk-based capital	\$ 56,531	18.53%	\$ 24,406
Tier 1 capital	52,514	17.22	11,854
Tier 1 leverage capital	52,514	10.66	19,705
Bank			
Total risk-based capital	\$ 50,954	16.72%	\$ 24,380
Tier 1 capital	46,938	15.40	12,192
Tier 1 leverage capital	46,938	9.58	19,598

Central and Central Bank may not declare or pay cash dividends on their stock if the effect thereof would cause Central or Central Bank to fail to meet regulatory requirements, or if such declaration and payment would otherwise violate regulatory requirements.

Table of Contents

Note 11. Employee Benefits (Dollars in Thousands)

Pension and Savings Plans

As a participating employer in the Cooperative Banks Employees Retirement Association (CBERA) has in effect a non-contributory defined benefit plan (Pension Plan) and a defined contribution plan for eligible employees.

Benefits under the Pension Plan are determined at the rate of 1% and 1.5% of certain elements of final service and are generally provided at age 65 based on years of service and the average of the participant's compensation from Central Bank. Employee contributions are made to a Savings Plan which qualifies under the Revenue Code of 1986, as amended. Central Bank matches 50% of an eligible deferral contribution on a dollar-for-dollar basis, subject to the maximum allowable under federal regulations. Pension benefits and employer contributions vest over six years.

The Pension Plan is sponsored by the Cooperative Banks Employees Retirement Association under the Employer Identification Number of 04-6035593 and a plan number of 334. The actuarial valuation was performed for the plan year ending December 31, 2011 with a 94.7% funded target attainment percentage. Central Bank's contribution was \$390 thousand and did not exceed 5% of the total contributions received by the 45 participating employers. Contributions are not subject to any specific minimum contributions other than amounts, determined by the Trustees of the Pension Plan, based on the status of the Plan in accordance with the requirements of the Pension Protection Act (PPA) and ERISA.

Expenses for the Pension Plan and the Savings Plan were \$535 thousand and \$527 thousand, for the year ended March 31, 2012 and 2011, respectively. Forfeitures are used to reduce expenses of the plans.

Employee Stock Ownership Plan

Central Bank established an Employee Stock Ownership Plan (ESOP) in November 1989 that is authorized to purchase outstanding common stock of Central from time to time in the open market or in negotiated transactions. The ESOP is a qualified retirement plan for the exclusive benefit of Central Bank's employees. All full-time employees who have been employed by Central Bank are eligible to participate in the ESOP and vest at a rate of 20% annually commencing in the year in which service is terminated due to death, disability, retirement or change in control.

The ESOP purchased Company common shares using the proceeds of borrowings in 2004 and 2007 and 2010 established under the Plan. The loans from Central to the ESOP are collateralized by the unallocated shares. The outstanding balance of the three loans at March 31, 2012 and 2011 was \$5.087 million and \$5.676 million, respectively, in consolidation.

As set forth by ASC 718, compensation expense is recognized as the shares are allocated to participants. Compensation expense is based on the fair value of shares at the time they are allocated. As a result, changes in the market value of Central's stock have no effect on operations but have no effect on stockholders' equity. ESOP compensation expense for fiscal 2012 and 2011 was \$260 thousand, respectively, based on the release to eligible employees of 21,506 shares in fiscal 2012 and 2011.

Company common stock dividends received by the ESOP on allocated shares that are not associated with the ESOP participants. Company common stock dividends received by the ESOP for allocated shares that are associated with the ESOP participants are returned to Central Bank for the purpose of reducing expenses.

Table of Contents

The ESOP shares as of March 31, 2012 were as follows:

Allocated shares
Unreleased shares

Total ESOP shares

Fair value of unreleased shares

Other Post-Retirement Benefits (Dollars in Thousands)

Central Bank maintains a post-retirement medical insurance plan and life insurance plan for certain individuals. The following table summarizes the funded status and the actuarial benefit obligations of these plans for fiscal 2012 and 2011.

	2012	2011
	Life	Medical
Actuarial present value of benefits obligation:		
Retirees	\$ (182)	\$ (182)
Fully eligible participants		
Total	\$ (182)	\$ (182)
Change in projected benefit obligation:		
Accumulated benefit obligations at prior year-end	\$ (165)	\$ (165)
Service cost less expense component		
Interest cost	(7)	(7)
Actuarial gain (loss)	13	13
Assumptions	(24)	(24)
Benefits paid	1	1
Accumulated benefit obligations at year-end	\$ (182)	\$ (182)
Change in plan assets:		
Fair value of plan assets at prior year-end	\$	\$
Employer contributions	1	1
Benefits paid and expenses	(1)	(1)
Fair value of plan assets at current year-end	\$	\$
Change in accumulated other comprehensive income:		
Other accumulated comprehensive income at prior fiscal year-end	\$ (134)	\$ (134)
Actuarial (gain) loss	(13)	(13)
Assumptions	24	24
Amortization included in pension expense	5	5
Other accumulated other comprehensive income at current year-end	\$ (118)	\$ (118)
Amounts with deferred recognition reconciliation of accrued pension cost:		
Accrued pension cost at beginning of year	\$ (299)	\$ (299)

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Plus net periodic cost	(2)	
Minus employer contributions, net	1	
Accrued cost at end of year	\$ (300)	\$
Benefit obligation weighted average assumption as change in projected benefit obligation:		
Discount rate	3.25%	
Expected return on plan assets	3.25	
Rate of compensation increase	n/a	

F-34

Table of Contents

Year ended March 31,	2012
Components of net periodic benefit cost:	
Service cost	\$
Interest cost	7
Expected return on plan assets	
Amortization of prior service cost	9
Amortization of actuarial gain	(14)
Net periodic benefit gain (cost)	\$ 2
Periodic benefit cost weighted average assumptions:	
Discount rate	4.50%
Rate of compensation increase	n/a
Amounts recognized in the consolidated balance sheets consist of:	
Other liabilities	\$ (182)
Amounts recognized in accumulated other comprehensive income consist of:	
Net gain	\$ (126)
Prior service credit	
Transition liability	8
	\$ (118)
Amounts anticipated to recognized in expense fiscal 2013:	
Net gain	\$ (14)
Prior service credit	
Transition liability	8
	\$ 6

The plan is unfunded and Central accrues actuarial determined benefit costs over the estimated service as set forth in ASC 715.

The following table shows the effects of a 1% increase or decrease in the assumed health care trend rate for fiscal 2013 and the on the accumulated projected benefit obligation as of March 31, 2012:

Effect on service cost plus interest cost components of benefit cost	
1% decrease	
1% increase	
Effect on accumulated projected benefit obligation	
1% decrease	
1% increase	

Projected life and medical benefits payments are as follows (in thousands):

Years Ending March 31,
2013
2014
2015
2016

Table of Contents

Supplemental Executive Retirement Plans

Central Bank maintains supplemental retirement plans (SERP) for two highly compensated employees. Central Bank is subject to regulatory limits on benefits under qualified pension plans. Central Bank's obligation is unfunded. Central Bank's expense based upon an annual analysis performed by a benefits administrator. Annual SERP expense of Central Bank is based on factors such as changes in salaries or estimated retirement ages. SERP expense totaled \$249 thousand and \$249 thousand for fiscal 2011. The SERP liability balance totaled \$904 thousand at March 31, 2012 and \$655 thousand at March 31, 2011.

Employment Agreements

Central has entered into employment agreements with certain executive officers. The employment agreements provide for a term of five years, with automatic extensions made annually thereafter. The agreements include stipulations regarding termination made with and without just cause, and provide for base salaries, discretionary bonuses, and other benefits. The agreements also provide for insurance and various other benefits. The employment agreements also include a Change of Control provision that in the event of a Change in Control, as defined, compensation be paid to the officer in amounts up to three times the officer's base salary in the form of one lump sum payment following a Change of Control event.

Severance Agreement

Central Bank has entered into a severance agreement (the Severance Agreement) with an executive officer. The Severance Agreement provides for a term of three years, with an automatic extension annually thereafter. The Severance Agreement provides that if Central Bank terminates the executive's employment in connection with or within one year after any event defined in the Severance Agreement, or the executive voluntarily terminates employment within that period, or the occurrence of certain events that would constitute a constructive termination, Central Bank will pay the executive a benefit equal to two times his annual base salary at the rate in effect just prior to the change in control.

Note 12. Legal Proceedings

Central from time to time is involved as plaintiff or defendant in various legal actions incident to its business. Central does not believe to be material, either individually or collectively, to the results of operations and financial condition.

Note 13. Troubled Asset Relief Program Capital Purchase Program

On August 25, 2011, Central entered into and consummated a letter agreement (the Repurchase Letter Agreement) with the Treasury (Treasury), pursuant to which Central redeemed, out of the proceeds of its issuance of its Series A Preferred Stock, all 10,000 outstanding shares of its Series A Fixed Rate Cumulative Non-Cumulative Perpetual Preferred Stock, for a redemption price of \$10,000 per share (the Series A Preferred Stock), for a redemption price of \$10,000 per share. On December 5, 2008, Central sold \$10.0 million in Series A Preferred Stock to the Treasury as a participant in the federal government's Troubled Asset Relief Program (TARP) Capital Purchase Program. The investment represented 2.6% of Central's risk-weighted assets as of September 30, 2008. In connection with the investment, Central entered into a Letter Agreement and the related Securities Purchase Agreement with the Treasury pursuant to which Central sold to the Treasury Series A Preferred Stock and a warrant (the Warrant) to purchase 234,742 shares of Central's common stock for a total of \$10.0 million in cash.

Table of Contents

Central subsequently repurchased the Warrant from the Treasury on October 19, 2011 for an aggregate

Note 14. U.S. Treasury Department Small Business Lending Fund

On August 25, 2011, Central entered into and consummated a Securities Purchase Agreement (the "Purchase Agreement") with the U.S. Department of the Treasury, pursuant to which Central issued 10,000 shares of Central's Series B Preferred Stock, Series B (the "Series B Preferred Stock"), having a liquidation amount per share equal to \$10,000,000. The Purchase Agreement was entered into, and the Series B Preferred Stock was issued, under the Small Business Lending Fund ("SBLF") program, a fund established under the Small Business Jobs Act of 2010, that provides capital to qualified community banks with assets of less than \$10 billion. Central used the proceeds from the Series B Preferred Stock to redeem shares of the Series A Preferred Stock issued under the TARP Capital Purchase Program.

The Series B Preferred Stock is entitled to receive non-cumulative dividends, payable quarterly, on each October 1, beginning October 1, 2011. The dividend rate, as a percentage of the liquidation amount, changes during the first ten quarters during which the Series B Preferred Stock is outstanding, based upon changes in the Small Business Lending Fund or QSBL (as defined in the Purchase Agreement) by Central's wholly owned subsidiaries. The dividend rate for the initial dividend period has been set at five percent (5%). For the second through ninth quarters, the dividend rate may be adjusted to between one percent (1%) and five percent (5%) per annum, to reflect the amount of QSBL. If the level of Central Bank's qualified small business loans declines so that the percentage of QSBL is less than 10%, then the dividend rate payable on the Series B Preferred Stock would increase to five percent (5%) through four and one half years after issuance, the dividend rate will be fixed at between one percent (1%) and five percent (5%) upon the increase in QSBL as compared to the baseline. After four and one half years from issuance, the dividend rate will be fixed at five percent (5%) (including a quarterly lending incentive fee of 0.5%). In addition, beginning on January 1, 2014, and on each subsequent dividend payment dates thereafter ending on April 1, 2016, Central will be required to pay to the Series B Preferred Stock, but only out of assets legally available therefore, a fee equal to 0.5% of the liquidation amount of the Series B Preferred Stock.

The Series B Preferred Stock is non-voting, except in limited circumstances. In the event that Central Bank has a dividend payment date, whether or not consecutive, the holder of the Series B Preferred Stock will have the right, but not the obligation, to be named as an observer on Central's Board of Directors. In the event that Central misses six dividend payment dates, then the outstanding aggregate liquidation amount of the Series B Preferred Stock is at least \$25,000,000, the holder of the Series B Preferred Stock will have the right to designate two directors to the Board of Directors of Central.

The Series B Preferred Stock may be redeemed at any time at Central's option, at a redemption price equal to the liquidation amount accrued but unpaid dividends to the date of redemption for the current period, subject to the approval of the Board of Directors.

Note 15. Fair Values of Financial Instruments (In Thousands)

Central follows ASC 820 *Fair Value Measurements and Disclosures* ("ASC 820"), which defines fair value as the price that would be received upon sale of an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. In addition, ASC 820 specifies various valuation techniques based on whether the

Table of Contents

inputs to those techniques are observable or unobservable. Observable inputs reflect market data obtained from active markets for identical assets or liabilities, and unobservable inputs reflect Central's market assumptions. These two types of inputs have the following

- Level 1 - Quoted prices for identical instruments in active markets
- Level 2 - Quoted prices for similar instruments in active or non-active markets and model-derived prices. Significant inputs and value drivers are observable in active markets
- Level 3 - Valuation derived from significant unobservable inputs
- Central uses fair value measurements to record certain assets at fair value on a recurring basis. Additionally, Central records at fair value other assets on a nonrecurring basis. These nonrecurring fair value adjustments typically result from lower-of-cost-or-market value accounting or write-downs of individual assets.

The only assets of Central recorded at fair value on a recurring basis at March 31, 2012 and March 31, 2011 were securities. The assets of Central recorded at fair value on a nonrecurring basis at March 31, 2012 and March 31, 2011 were other real estate owned (OREO). The following table presents the level of valuation assumptions used for securities and loans:

	Level 1	Carrying Amount
At March 31, 2012		
Assets recorded at fair value on a recurring basis:		
Securities available for sale		
Government agency and government sponsored agency mortgage-backed securities	\$	\$
Single issuer trust preferred securities issued by financial institutions	1,041	
Perpetual preferred stock issued by financial institutions	991	
Common stock	3,650	
Assets recorded at fair value on a nonrecurring basis:		
Impaired loans carried at fair value:		
Commercial real estate		
Residential real estate		
OREO		

	Level 1	Carrying Amount
At March 31, 2011		
Assets recorded at fair value on a recurring basis:		
Securities available for sale		
Government agency and government sponsored agency mortgage-backed securities	\$	\$
Single issuer trust preferred securities issued by financial institutions	1,049	
Perpetual preferred stock issued by financial institutions	2,063	
Common stock	2,128	
Assets recorded at fair value on a nonrecurring basis:		
Impaired loans carried at fair value:		
Commercial real estate		
Residential real estate		
OREO		

Central's impaired loans are reported at the fair value of the underlying collateral if repayment is expected. Collateral values are estimated using Level 2 inputs based upon appraisals of similar

Table of Contents

properties obtained from a third party. For Level 3 inputs, fair value is based upon management's estimate of the fair value of the collateral or the present value of the expected cash flows. At March 31, 2012, impaired loans measured at fair value amounted to \$5.1 million, which represents nine customer relationships, compared to ten customer relationships at March 31, 2011.

OREO is measured at fair value less estimated selling costs. Fair value is based upon independent market quotations of the collateral, or management's estimation of value of the collateral. At March 31, 2012, OREO was composed of 133 residential condominiums totaling \$133 thousand. OREO at March 31, 2011 consisted of one residential condominium which was valued at \$133 thousand.

Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 2 or Level 3. Unrealized gains and losses for these assets presented in the table above may include changes in fair value due to changes in observable and unobservable inputs.

The following methods and assumptions were used by Central Bank in estimating fair values of financial instruments:

Cash and Due from Banks - The carrying values reported in the balance sheet for cash and due from banks are measured at fair value because of the short maturity of these instruments.

Short-Term Investments - The carrying values reported in the balance sheet for short-term investments are measured at fair value because of the short maturity of these investments.

Investment Securities Available for Sale - Where quoted prices are available in an active market, securities are measured at fair value based on the valuation hierarchy. Examples of such instruments include publicly traded common and preferred stocks. If quoted prices are not available, then fair values are estimated by using pricing models (i.e., matrix pricing) and market interest rates. If neither quoted prices nor pricing models are available, then fair values are estimated based on the fair value of securities with similar characteristics and are classified within Level 2 of the valuation hierarchy. Examples of such instruments include government agency and government sponsored agency mortgage-backed securities, trust preferred stocks. Level 3 securities are securities for which significant unobservable inputs are used in the valuation techniques used to measure similar assets during the period. Available for sale securities are measured at fair value on a non-recurring basis. There were no Level 3 securities at March 31, 2012 or at March 31, 2011. Central did not have any Level 3 securities available for sale securities during the periods.

Loans - The fair values of loans are estimated using discounted cash flow analysis, using interest rates that reflect the credit risk of the loans which loans with similar terms would be made to borrowers of similar credit quality. The incremental cost of funds has been considered in the determination of the fair value of loans. Regular reviews of the loan portfolio are conducted to ensure that loans for which specific allowance allocations are considered prudent. Valuations of impaired loans are based on management's belief to be appropriate in accordance with ASC 310, and such valuations are determined by reviewing the loan's financial information, cash flows, payment histories and trends and other relevant facts surrounding the particular loan.

Accrued Interest Receivable - The carrying amount reported in the balance sheet for accrued interest receivable is measured at fair value due to the short maturity of these accounts.

Stock in FHLB of Boston - The carrying amount reported in the balance sheet for FHLB of Boston stock is measured at fair value on the redemption features of the stock.

The Co-operative Central Bank Reserve Fund - The carrying amount reported in the balance sheet for the Reserve Fund approximates its fair value.

Table of Contents

Deposits - The fair values of deposits (excluding term deposit certificates) are, by definition, equal to their carrying amounts as of the reporting date. Fair values for term deposit certificates are estimated using a discounted cash flow technique. Fair values for term deposit certificates are estimated using local market data currently being offered on certificates to a schedule of aggregated maturities with similar remaining maturities.

Advances from FHLB of Boston - Fair values of non-callable advances from the FHLB of Boston are estimated using the present value of cash flows of scheduled future payments using the respective quarter-end published rates for advances with similar remaining maturities. Fair values of callable advances from the FHLB of Boston are estimated using indicative prices for similar advances from the FHLB of Boston.

Subordinated Debentures - The fair value of one subordinated debenture totaling \$5.3 million whose maturity date is March 2012 is estimated to be equal to its book value. The other subordinated debenture totaling \$6.1 million has a maturity date of March 2013, at which time it will convert to an adjustable rate which will adjust quarterly. The maturity date is March 2013. The fair value of the subordinated debenture is estimated based on the discounted cash flows of scheduled future payments of similar instruments with similar terms and remaining maturities.

Advance Payments by Borrowers for Taxes and Insurance and Accrued Interest Payable - The fair value of these accounts is based on the present value of cash flows of scheduled future payments of these accounts, based on the short maturity of these accounts.

Off-Balance Sheet Instruments - Central Bank's commitments to lend for unused lines of credit and letters of credit with short remaining disbursement periods or variable interest rates, and, therefore, no fair value adjustments are required.

The estimated carrying amounts and fair values of Central Bank's financial instruments are as follows:

	March 31, 2012	Estimated Fair Value
	Carrying Amount	
Assets		
Cash and due from banks	\$ 4,117	\$ 4,117
Short-term investments	3,224	3,224
Investment securities available for sale	39,060	39,060
Net loans	444,614	444,614
Stock in Federal Home Loan Bank of Boston	8,203	8,203
The Co-operative Central Bank Reserve Fund	1,576	1,576
Accrued interest receivable	1,359	1,359
Liabilities		
Deposits	\$ 344,534	\$ 344,534
Advances from FHLB of Boston	117,228	117,228
Subordinated debentures	11,341	11,341
Advance payments by borrowers for taxes and insurance	2,955	2,955
Accrued interest payable	403	403
Off-Balance Sheet Instruments	40,041	40,041

F-40

Table of Contents

Note 16. Parent Company Only Condensed Financial Statements (In Thousands)

Balance Sheets

Assets

Cash deposit in subsidiary bank
 Investment in subsidiary
 ESOP loan (Note 11)
 Investment in unconsolidated subsidiary
 Other assets

Total assets

Liabilities and Stockholders' Equity

Subordinated debentures (Note 1)
 Accrued taxes and other liabilities
 Total stockholders' equity

Total liabilities and stockholders' equity

Statements of Operations

Dividends from subsidiary bank
 Interest income
 Interest expense on subordinated debentures
 Non-interest expenses

Income (loss) before income tax benefit
 Income tax benefit

Income before equity in undistributed net (loss) income of subsidiary
 Equity in undistributed net (loss) income of subsidiary

Net income

Statements of Cash Flows

Cash flows from operating activities:
 Net income
 Adjustments to reconcile net income to net cash provided by operating activities:
 Equity in undistributed net (loss) income of subsidiary
 Changes in other assets and other liabilities

Net cash provided by operating activities

Cash flows from investing activities:
 ESOP loans, net of repayment

Net cash provided by investing activities

Cash flows from financing activities:

Preferred stock issuance costs

Redemption of Series A warrants

Cash dividends paid

Net cash used in financing activities

Net decrease in cash in subsidiary bank

Cash in subsidiary bank at beginning of year

Cash in subsidiary bank at end of year

F-41

Table of Contents

Note 17. Subsequent Events

On April 30, 2012, Central and Central Bank entered into an Agreement and Plan of Merger (the "Merger Agreement") with Independent Bank, a wholly owned subsidiary of the parent company of Rockland Trust, pursuant to which Central will merge with and into Independent Bank and Central Bank will also merge with and into Rockland Trust. Under the terms of the Merger Agreement, each share of Central and Central Bank other than shares held by Independent, will convert into the right to receive either (i) \$32.00 in cash or (ii) one share of Independent common stock as determined by the exchange ratio provided for in the Merger Agreement and subject to the terms and conditions set forth therein. The Merger Agreement provides that the merger consideration must consist of cash and 60% of the aggregate merger consideration must consist of Independent common stock. Following the consummation of the transactions contemplated by the Merger Agreement, the Board of Directors of Central and Central Bank will each consist of its respective directors immediately prior to the merger and John J. Rockland will be a director of Central and Central Bank. The transaction is subject to customary closing conditions, including the receipt of the approval of the merger by the holders of at least two-thirds of the outstanding common shares of Central and Central Bank. Under certain circumstances, Central has agreed to reimburse Independent up to \$750,000 for its reasonable and necessary expenses and to pay Independent a termination fee of \$2.2 million; provided however, that any amounts paid in reimbursement of expenses against the termination fee payable. Currently, the merger is expected to be completed in the fourth quarter of 2012.

F-42

Table of Contents

Report of Independent Registered Public Accounting Firm

The Board of Directors

Central Bancorp, Inc.

Somerville, Massachusetts

We have audited the consolidated balance sheet of Central Bancorp, Inc. and Subsidiary as of March 31, 2012, and the consolidated statements of operations, changes in stockholders' equity and comprehensive income and cash flows for the year then ended. The consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements based on our audit. The consolidated financial statements of Central Bancorp, Inc. and Subsidiary for the year ended March 31, 2011 were audited by other auditors whose report dated June 17, 2011 expressed an unqualified opinion.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB). The standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a part of our audit of the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, supporting the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2012 consolidated financial statements referred to above present fairly, in all material aspects, the financial position of Central Bancorp, Inc. and Subsidiary as of March 31, 2012 and the consolidated results of operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ Shatswell, MacLeod & Company, P.C.

West Peabody, Massachusetts

June 13, 2012

F-43

Table of Contents

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders

Central Bancorp, Inc. and Subsidiary

We have audited the accompanying consolidated balance sheet of Central Bancorp, Inc and Subsidiary consolidated statements of operations, changes in stockholders' equity and comprehensive income, and consolidated statements of cash flows for the year ended March 31, 2011. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for determining the appropriate nature, timing, and extent of audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, the amounts and disclosures in the financial statements, assessing the accounting principles used and the estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material aspects, the financial position of Central Bancorp, Inc. and Subsidiary, as of March 31, 2011, and the results of their operations and their cash flows for the year ended in conformity with U.S. generally accepted accounting principles.

/s/ McGladrey & Pullen, LLP

Boston, Massachusetts

June 17, 2011

F-44

Table of Contents

AGREEMENT AND PLAN OF MERGER

DATED AS OF APRIL 30, 2012

BY AND AMONG

INDEPENDENT BANK CORP.,

ROCKLAND TRUST COMPANY,

CENTRAL BANCORP, INC.,

AND

CENTRAL CO-OPERATIVE BANK

Table of Contents

Table of Contents

ARTICLE I THE MERGER

Section 1.01 The Merger

Section 1.02 Articles of Organization and Bylaws

Section 1.03 Directors and Officers of Surviving Entity

Section 1.04 Effective Time; Closing.

Section 1.05 Tax Consequences

Section 1.06 Additional Actions

ARTICLE II MERGER CONSIDERATION; EXCHANGE PROCEDURES

Section 2.01 Merger Consideration

Section 2.02 Rights as Shareholders; Stock Transfers

Section 2.03 Fractional Shares

Section 2.04 Election Procedures.

Section 2.05 Exchange Procedures.

Section 2.06 Anti-Dilution Provisions

Section 2.07 Options and Restricted Stock.

Section 2.08 Company Preferred Stock.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF COMPANY

Section 3.01 Making of Representations and Warranties.

Section 3.02 Organization, Standing and Authority.

Section 3.03 Capital Stock

Section 3.04 Subsidiaries.

Section 3.05 Corporate Power; Minute Books

Section 3.06 Corporate Authority.

Section 3.07 Regulatory Approvals; No Defaults.

Section 3.08 SEC Documents; Other Reports; Internal Controls.

Section 3.09 Financial Statements; Undisclosed Liabilities.

Section 3.10 Absence of Certain Changes or Events

Section 3.11 Legal Proceedings.

Section 3.12 Compliance With Laws.

Section 3.13 Material Contracts; Defaults.

Section 3.14 Agreements with Regulatory Agencies

Section 3.15 Brokers

Section 3.16 Employee Benefit Plans.

Section 3.17 Labor Matters

Section 3.18 Environmental Matters.

Section 3.19 Tax Matters.

Section 3.20 Investment Securities

Section 3.21 Derivative Transactions.

Section 3.22 Regulatory Capitalization

Section 3.23 Loans; Nonperforming and Classified Assets.

Section 3.24 Allowance for Loan Losses

Section 3.25 Trust Business; Administration of Fiduciary Accounts

Section 3.26 Investment Management and Related Activities

Section 3.27 Repurchase Agreements

Section 3.28 Deposit Insurance

Section 3.29 CRA, Anti-money Laundering and Customer Information Security

Section 3.30 Transactions with Affiliates

Section 3.31 Tangible Properties and Assets.

Section 3.32 Intellectual Property

Table of Contents

Section 3.33 Insurance.
Section 3.34 Antitakeover Provisions
Section 3.35 Fairness Opinion
Section 3.36 Proxy Statement-Prospectus
Section 3.37 Transaction Costs.
Section 3.38 Shareholder Rights Agreement
Section 3.39 Disclosure
ARTICLE IV REPRESENTATIONS AND WARRANTIES OF BUYER
Section 4.01 Making of Representations and Warranties.
Section 4.02 Organization, Standing and Authority
Section 4.03 Capital Stock
Section 4.04 Corporate Power; Minute Books
Section 4.05 Corporate Authority.
Section 4.06 SEC Documents; Other Reports; Internal Controls.
Section 4.07 Financial Statements; Undisclosed Liabilities.
Section 4.08 Regulatory Approvals; No Defaults.
Section 4.09 Agreements with Regulatory Agencies
Section 4.10 Absence of Certain Changes or Events
Section 4.11 Compliance with Laws.
Section 4.12 Proxy Statement-Prospectus Information; Registration Statement
Section 4.13 Legal Proceedings.
Section 4.14 Brokers
Section 4.15 Employee Benefit Plans.
Section 4.16 Labor Matters
Section 4.17 Tax Matters.
Section 4.18 Loans: Nonperforming and Classified Assets.
Section 4.19 CRA and Anti-Money Laundering
Section 4.20 Regulatory Capitalization
Section 4.21 Administration of Trust and Fiduciary Accounts
Section 4.22 Environmental Matters
Section 4.23 No Financing
Section 4.24 Disclosure
ARTICLE V COVENANTS
Section 5.01 Covenants of Company
Section 5.02 Covenants of Buyer.
Section 5.03 Commercially Reasonable Efforts
Section 5.04 Shareholder Approval.
Section 5.05 Registration Statement; Proxy Statement-Prospectus; Nasdaq Listing.
Section 5.06 Regulatory Filings; Consents.
Section 5.07 Publicity
Section 5.08 Access; Information.
Section 5.09 No Solicitation by Company.
Section 5.10 Indemnification; Directors and Officers Insurance.
Section 5.11 Employees; Benefit Plans.
Section 5.12 Notification of Certain Changes
Section 5.13 Current Information
Section 5.14 Board Packages
Section 5.15 Transition; Informational Systems Conversion
Section 5.16 Access to Customers and Suppliers
Section 5.17 Environmental Assessments.
Section 5.18 Certain Litigation

Table of Contents

Section 5.19 Stock Exchange De-listing
Section 5.20 Director Resignations
Section 5.21 Coordination of Dividends
Section 5.22 Representation on Buyer Board.
Section 5.23 Coordination.
Section 5.24 Bank Merger
Section 5.25 Transactional Expenses.
Section 5.26 Section 16(a)
Section 5.27 Small Business Lending Fund Redemption
Section 5.28 Assumption by Buyer of Certain Obligations
ARTICLE VI CONDITIONS TO CONSUMMATION OF THE MERGER
Section 6.01 Conditions to Obligations of the Parties to Effect the Merger
Section 6.02 Conditions to Obligations of Company
Section 6.03 Conditions to Obligations of Buyer
Section 6.04 Frustration of Closing Conditions
ARTICLE VII TERMINATION
Section 7.01 Termination
Section 7.02 Termination Fee: Reimbursement.
Section 7.03 Effect of Termination
ARTICLE VIII DEFINITIONS
Section 8.01 Definitions
ARTICLE IX MISCELLANEOUS
Section 9.01 Survival
Section 9.02 Waiver: Amendment
Section 9.03 Governing Law: Waiver.
Section 9.04 Expenses
Section 9.05 Notices
Section 9.06 Entire Understanding: No Third Party Beneficiaries
Section 9.07 Severability
Section 9.08 Enforcement of the Agreement
Section 9.09 Interpretation
Section 9.10 Assignment
Section 9.11 Counterparts

Table of Contents

EXHIBITS AND SCHEDULES

Exhibit A	Form of Voting Agreement
Exhibit B	Form of Settlement Agreement Doherty
Exhibit C	Form of Settlement Agreement Morrissey
Exhibit D	Form of Settlement Agreement Feeley
Exhibit E	Form of Settlement Agreement Greenbaum
Exhibit F	Form of Non-Competition Agreement
Exhibit G	Form of Consulting and Non-Competition Agreement

iv

Table of Contents

This AGREEMENT AND PLAN OF MERGER (this Agreement) is dated as of April 30, 2012, by Massachusetts corporation (Buyer), Rockland Trust Company, a Massachusetts-chartered trust company (Buyer Bank), Central Bancorp, Inc., a Massachusetts corporation (Company), and Central Bank, a Massachusetts-chartered co-operative bank and wholly owned subsidiary of Company (Company Bank).

WITNESSETH

WHEREAS, the board of directors of Buyer and the board of directors of Company have each (i) determined that the business combination and related transactions contemplated hereby are in the best interests of their respective shareholders; (ii) determined that this Agreement and the transactions contemplated hereby are consistent with and in the best interests of their respective business strategies; and (iii) approved this Agreement;

WHEREAS, in accordance with the terms of this Agreement, (i) Company will merge with and into Buyer Bank, and (ii) Company Bank will merge with and into Buyer Bank, with Buyer Bank as the surviving entity (the Merger);

WHEREAS, as a material inducement to Buyer to enter into this Agreement, each of the directors of Company entered into an agreement with Buyer dated as of the date hereof (a Voting Agreement), substantially in the form attached hereto as Exhibit A, which each such director has agreed, among other things, to vote all shares of Company Common Stock in favor of the approval of this Agreement and the transactions contemplated hereby, upon the terms set forth in such agreement;

WHEREAS, as a material inducement to Buyer to enter into this Agreement, certain officers of the Company entered into settlement agreements with each of Buyer, Buyer Bank, Company and Company Bank dated as of the date hereof (Settlement Agreements), substantially in the forms attached hereto as Exhibit B, Exhibit C, Exhibit D, Exhibit E, Exhibit F, Exhibit G, Exhibit H, Exhibit I, Exhibit J, Exhibit K, Exhibit L, Exhibit M, Exhibit N, Exhibit O, Exhibit P, Exhibit Q, Exhibit R, Exhibit S, Exhibit T, Exhibit U, Exhibit V, Exhibit W, Exhibit X, Exhibit Y, Exhibit Z, Exhibit AA, Exhibit AB, Exhibit AC, Exhibit AD, Exhibit AE, Exhibit AF, Exhibit AG, Exhibit AH, Exhibit AI, Exhibit AJ, Exhibit AK, Exhibit AL, Exhibit AM, Exhibit AN, Exhibit AO, Exhibit AP, Exhibit AQ, Exhibit AR, Exhibit AS, Exhibit AT, Exhibit AU, Exhibit AV, Exhibit AW, Exhibit AX, Exhibit AY, Exhibit AZ, Exhibit BA, Exhibit BB, Exhibit BC, Exhibit BD, Exhibit BE, Exhibit BF, Exhibit BG, Exhibit BH, Exhibit BI, Exhibit BJ, Exhibit BK, Exhibit BL, Exhibit BM, Exhibit BN, Exhibit BO, Exhibit BP, Exhibit BQ, Exhibit BR, Exhibit BS, Exhibit BT, Exhibit BU, Exhibit BV, Exhibit BW, Exhibit BX, Exhibit BY, Exhibit BZ, Exhibit CA, Exhibit CB, Exhibit CC, Exhibit CD, Exhibit CE, Exhibit CF, Exhibit CG, Exhibit CH, Exhibit CI, Exhibit CJ, Exhibit CK, Exhibit CL, Exhibit CM, Exhibit CN, Exhibit CO, Exhibit CP, Exhibit CQ, Exhibit CR, Exhibit CS, Exhibit CT, Exhibit CU, Exhibit CV, Exhibit CW, Exhibit CX, Exhibit CY, Exhibit CZ, Exhibit DA, Exhibit DB, Exhibit DC, Exhibit DD, Exhibit DE, Exhibit DF, Exhibit DG, Exhibit DH, Exhibit DI, Exhibit DJ, Exhibit DK, Exhibit DL, Exhibit DM, Exhibit DN, Exhibit DO, Exhibit DP, Exhibit DQ, Exhibit DR, Exhibit DS, Exhibit DT, Exhibit DU, Exhibit DV, Exhibit DW, Exhibit DX, Exhibit DY, Exhibit DZ, Exhibit EA, Exhibit EB, Exhibit EC, Exhibit ED, Exhibit EE, Exhibit EF, Exhibit EG, Exhibit EH, Exhibit EI, Exhibit EJ, Exhibit EK, Exhibit EL, Exhibit EM, Exhibit EN, Exhibit EO, 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Exhibit KZ, Exhibit LA, Exhibit LB, Exhibit LC, Exhibit LD, Exhibit LE, Exhibit LF, Exhibit LG, Exhibit LH, Exhibit LI, Exhibit LJ, Exhibit LK, Exhibit LL, Exhibit LM, Exhibit LN, Exhibit LO, Exhibit LP, Exhibit LQ, Exhibit LR, Exhibit LS, Exhibit LT, Exhibit LU, Exhibit LV, Exhibit LW, Exhibit LX, Exhibit LY, Exhibit LZ, Exhibit MA, Exhibit MB, Exhibit MC, Exhibit MD, Exhibit ME, Exhibit MF, Exhibit MG, Exhibit MH, Exhibit MI, Exhibit MJ, Exhibit MK, Exhibit ML, Exhibit MN, Exhibit MO, Exhibit MP, Exhibit MQ, Exhibit MR, Exhibit MS, Exhibit MT, Exhibit MU, Exhibit MV, Exhibit MW, Exhibit MX, Exhibit MY, Exhibit MZ, Exhibit NA, Exhibit NB, Exhibit NC, Exhibit ND, Exhibit NE, Exhibit NF, Exhibit NG, Exhibit NH, Exhibit NI, Exhibit NJ, Exhibit NK, Exhibit NL, Exhibit NM, Exhibit NN, Exhibit NO, Exhibit NP, Exhibit NQ, Exhibit NR, Exhibit NS, Exhibit NT, Exhibit NU, Exhibit NV, Exhibit NW, Exhibit NX, Exhibit NY, Exhibit NZ, Exhibit OA, Exhibit OB, Exhibit OC, Exhibit OD, Exhibit OE, 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Exhibit RK, Exhibit RL, Exhibit RM, Exhibit RN, Exhibit RO, Exhibit RP, Exhibit RQ, Exhibit RR, Exhibit RS, Exhibit RT, Exhibit RU, Exhibit RV, Exhibit RW, Exhibit RX, Exhibit RY, Exhibit RZ, Exhibit SA, Exhibit SB, Exhibit SC, Exhibit SD, Exhibit SE, Exhibit SF, Exhibit SG, Exhibit SH, Exhibit SI, Exhibit SJ, Exhibit SK, Exhibit SL, Exhibit SM, Exhibit SN, Exhibit SO, Exhibit SP, Exhibit SQ, Exhibit SR, Exhibit SS, Exhibit ST, Exhibit SU, Exhibit SV, Exhibit SW, Exhibit SX, Exhibit SY, Exhibit SZ, Exhibit TA, Exhibit TB, Exhibit TC, Exhibit TD, Exhibit TE, Exhibit TF, Exhibit TG, Exhibit TH, Exhibit TI, Exhibit TJ, Exhibit TK, Exhibit TL, Exhibit TM, Exhibit TN, Exhibit TO, Exhibit TP, Exhibit TQ, Exhibit TR, Exhibit TS, Exhibit TT, Exhibit TU, Exhibit TV, Exhibit TW, Exhibit TX, Exhibit TY, Exhibit TZ, Exhibit UA, Exhibit UB, Exhibit UC, Exhibit UD, Exhibit UE, Exhibit UF, Exhibit UG, Exhibit UH, Exhibit UI, Exhibit UJ, Exhibit UK, Exhibit UL, Exhibit UM, Exhibit UN, Exhibit UO, 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Exhibit YG, Exhibit YH, Exhibit YI, Exhibit YJ, Exhibit YK, Exhibit YL, Exhibit YM, Exhibit YN, Exhibit YO, Exhibit YP, Exhibit YQ, Exhibit YR, Exhibit YS, Exhibit YT, Exhibit YZ, Exhibit ZA, Exhibit ZB, Exhibit ZC, Exhibit ZD, Exhibit ZE, Exhibit ZF, Exhibit ZG, Exhibit ZH, Exhibit ZI, Exhibit ZJ, Exhibit ZK, Exhibit ZL, Exhibit ZM, Exhibit ZN, Exhibit ZO, Exhibit ZP, Exhibit ZQ, Exhibit ZR, Exhibit ZS, Exhibit ZT, Exhibit ZY, Exhibit ZZ.

WHEREAS, the parties desire to make certain representations, warranties and agreements in connection with this Agreement and to prescribe certain conditions thereto.

NOW, THEREFORE, in consideration of the mutual promises herein contained and for other good and sufficient reasons, the sufficiency of which is hereby acknowledged, the parties agree as follows:

ARTICLE I

THE MERGER

Section 1.01 The Merger. Subject to the terms and conditions of this Agreement, at the Effective Time, Buyer in accordance with the Massachusetts Business Corporation Act and the requirements of the Merger Agreement shall merge with and into Buyer Bank, and Company Bank shall merge with and into Buyer Bank, with Buyer Bank as the surviving entity (the Merger). Upon consummation of the Merger, the separate corporate existence of Company Bank shall terminate, and Company Bank shall continue to exist as a corporation incorporated under the General Laws of Massachusetts (Buyer Bank, as the surviving entity).

Section 1.02 Articles of Organization and Bylaws. The Articles of Organization and Bylaws of the Surviving Entity after the Merger shall be the Articles of Organization and Bylaws of Buyer as in effect immediately prior to the Merger.

Table of Contents

Section 1.03 Directors and Officers of Surviving Entity. The directors of the Surviving Entity immediately after the Effective Time shall be the directors of Buyer in office immediately prior to the Effective Time, plus the Company Board Representatives. The executive officers of the Surviving Entity immediately after the Merger shall be the executive officers of Buyer in office immediately prior to the Merger. Each of the directors and executive officers of the Surviving Entity immediately after the Merger shall be elected and qualified or otherwise in accordance with the Articles of Organization and the Bylaws of the Surviving Entity.

Section 1.04 Effective Time; Closing.

(a) Subject to the terms and conditions of this Agreement, Buyer and Company will make all such filings and registrations required by applicable laws and regulations. The Merger shall become effective as set forth in the Articles of Merger (the "Articles of Merger") that shall be filed with the Massachusetts Secretary of State on the Closing Date. The Closing Date shall be the date and time when the Merger becomes effective as set forth in the Articles of Merger.

(b) A closing (the "Closing") shall take place immediately prior to the Effective Time at the offices of the Company, 100 International Place, Boston, MA 02110, or such other place or on such other date as the parties may mutually agree in writing (the "Closing Date"). At the Closing, there shall be delivered to Buyer and Company the certificates and other documents required under Article VI hereof.

Section 1.05 Tax Consequences. It is intended that the Merger shall qualify as a reorganization under Section 368 of the Internal Revenue Code and the Agreement shall constitute a plan of reorganization for purposes of Sections 354 and 361 of the Internal Revenue Code.

Section 1.06 Additional Actions. If, at any time after the Effective Time, Buyer shall consider or be advised that any documents, assignments or assurances in law or any other acts are necessary or desirable to (i) vest, perfect or confirm, of record or otherwise, in Buyer its right, title or interest in, to or under any of the rights, properties or assets of Company or (ii) otherwise carry out the purposes of this Agreement, Company and its officers and directors shall execute and deliver, in such official corporate capacities, all such documents, assignments or assurances in law or any other acts as are necessary or desirable to (a) vest, perfect or confirm, of record or otherwise, in Buyer its right, title or interest in, to or under any of the rights, properties or assets of Company or (b) otherwise carry out the purposes of this Agreement. The officers and directors of the Buyer are authorized in the name of Company or otherwise to take any and all such actions.

ARTICLE II

MERGER CONSIDERATION; EXCHANGE PROCEDURE

Section 2.01 Merger Consideration. Subject to the provisions of this Agreement, at the Effective Time of the Merger and without any action on the part of Buyer, Company or any shareholder of Company:

(a) Each share of Buyer Common Stock that is issued and outstanding immediately prior to the Effective Time shall remain outstanding following the Effective Time and shall be unchanged by the Merger.

(b) Each share of Company Common Stock owned directly by Buyer (other than shares in trust accounts or shares held for the benefit of customers or shares held in satisfaction of a debt previously contracted) immediately prior to the Effective Time shall be cancelled and retired at the Effective Time without any conversion thereof, and no payment shall be made thereon.

Table of Contents

(c) Each share of Company Common Stock issued and outstanding immediately prior to the Effective Time (the "Shares") shall become and be converted into, as provided in and set forth in this Agreement, the right to receive at the election of the holder thereof subject to the limitations set forth herein: (i) shares of Buyer Common Stock based on the Exchange Rate and the Cash Consideration in cash (the "Cash Consideration"); or (ii) shares of Buyer Common Stock based on the Exchange Rate and the Stock Consideration. The Cash Consideration and the Stock Consideration are sometimes referred to herein collectively as the "Merger Consideration."

Section 2.02 Rights as Shareholders: Stock Transfers. All shares of Company Common Stock, when converted into Buyer Common Stock pursuant to Section 2.01(c), shall no longer be outstanding and shall automatically be cancelled and retired and the certificates or scrip therefor previously evidencing such shares shall thereafter represent only the right to receive for each such share the Merger Consideration and any cash in lieu of fractional shares of Buyer Common Stock in accordance with Section 2.03. Prior to the Effective Time, holders of Company Common Stock shall cease to be, and shall have no rights as, shareholders of the Company and shall have the right to receive the Merger Consideration and cash in lieu of fractional shares of Buyer Common Stock and the right to receive any unpaid dividend with respect to the Company Common Stock with a record date prior to the Effective Time. After the Effective Time, there shall be no transfers on the stock transfer books of Company of shares of Company Common Stock other than transfers of Company Common Stock that have occurred prior to the Effective Time.

Section 2.03 Fractional Shares. Notwithstanding any other provision hereof, no fractional shares of Buyer Common Stock, no certificates or scrip therefor, or other evidence of ownership thereof, will be issued in the Merger. In lieu of fractional shares of Buyer Common Stock, each holder of a fractional share of Buyer Common Stock shall receive an amount of cash (without interest) determined by the Company to be of equal interest to which such holder would otherwise be entitled by the volume-weighted average trading price of Buyer Common Stock on The Nasdaq Global Select Market ("Nasdaq"), as reported by Bloomberg L.P. for the five (5) consecutive trading days immediately preceding the Closing Date, rounded to the nearest whole cent.

Section 2.04 Election Procedures.

(a) An election form and other appropriate and customary transmittal materials (which shall specify the terms and conditions of loss and title to Certificates shall pass, only upon proper delivery of such Certificates to a bank or trust company reasonably satisfactory to Company (the "Exchange Agent") in such form as Company and Buyer shall determine) shall be mailed no more than forty (40) and no less than twenty (20) Business Days prior to the anticipated Closing Date to each holder of record of Company Common Stock. Each Election Form shall permit the holder to (i) elect to receive the Cash Consideration for all or a portion of such holder's shares (a "Cash Election"), (ii) elect to receive a portion of such holder's shares (a "Stock Election"), or (iii) make no election with respect to the receipt of the Merger Consideration (a "Non-Election"); sixty percent (60%) of the total number of shares of Company Common Stock outstanding immediately prior to the Effective Time, excluding any Treasury Stock (the "Stock Conversion Number"), shall be converted into Buyer Common Stock and forty percent (40%) of such shares of Company Common Stock shall be converted into Buyer Common Stock. No holder acting in different capacities or acting on behalf of other Persons in any way will be entitled to exercise an election in any capacity in which such record holder so acts with respect to each Person for which it so acts. Shares of Company Common Stock for which a Cash Election has been made are referred to herein as "Cash Election Shares." Shares of Company Common Stock for which a Stock Election has been made are referred to herein as "Stock Election Shares." Shares of Company Common Stock for which a Non-Election has been made (or as to which an Election Form is not properly completed and returned in a timely fashion) are referred to herein as "Non-Election Shares." The aggregate number of shares of Company Common Stock with respect to which a Stock Election has been made are referred to herein as the "Stock Election Number."

Table of Contents

(b) To be effective, a properly completed Election Form shall be submitted to the Exchange Agent on or before the Closing Date, on a date no later than the 5th Business Day prior to the Closing Date to be mutually agreed upon in writing (the Election Deadline), or such date as may be publicly announced by Buyer as soon as practicable prior to such date) (the Election Deadline), and such Election Form is being made or by an appropriate guarantee of delivery of such Certificates, as set forth in the Agreement, by a member of any registered national securities exchange or a commercial bank or trust company in the United States, provided that Certificates are in fact delivered to the Exchange Agent by the time required in such guarantee of delivery. If such guarantee of delivery of Company Common Stock covered by such guarantee of delivery is not made or is not made within the time set forth on such guarantee of delivery or any otherwise properly made election, unless otherwise determined by Buyer, in its sole discretion). For purposes of this Agreement, any election held in book entry form, Buyer shall establish procedures for delivery of such shares, which procedures shall be set forth in the Agreement. If a holder of Company Common Stock either (i) does not submit a properly completed Election Form or (ii) revokes the holder's Election Form prior to the Election Deadline (without later submitting a properly completed Election Form prior to the Election Deadline), the shares of Company Common Stock held by such holder shall be designated as Non-Election Shares. All Election Forms shall automatically be revoked, and all Certificates returned, if the Exchange Agent determines that this Agreement has been terminated. Subject to the terms of this Agreement and of the Agreement, the Exchange Agent shall have reasonable discretion to determine whether any election, revocation or change has been properly made and whether there are immaterial defects in any Election Form, and any good faith decisions of the Exchange Agent regarding such determination shall be conclusive. Neither Buyer nor the Exchange Agent shall be under any obligation to notify any Person of such determination.

(c) The allocation among the holders of shares of Company Common Stock of rights to receive the Cash Consideration will be made as follows:

(i) If the Stock Election Number exceeds the Stock Conversion Number, then all Cash Election Shares shall be converted into the right to receive the Cash Consideration, and, subject to Section 2.03 hereof, each holder of Cash Election Shares shall be entitled to receive the Stock Consideration in respect of that number of Stock Election Shares held by such holder equal to the product obtained by multiplying (x) the number of Stock Election Shares held by such holder by (y) a fraction, the numerator of which is the Stock Conversion Number and the denominator of which is the Stock Election Number, with the remaining number of Cash Election Shares being converted into the right to receive the Cash Consideration;

(ii) If the Stock Election Number is less than the Stock Conversion Number (the amount by which the Stock Election Number is less than the Stock Conversion Number being referred to herein as the Shortfall Number), then all Stock Election Shares shall be converted into the right to receive the Cash Consideration and the Non-Election Shares and the Cash Election Shares shall be

(A) if the Shortfall Number is less than or equal to the number of Non-Election Shares, then all Cash Election Shares shall be converted into the right to receive the Cash Consideration and, subject to Section 2.03 hereof, each holder of Non-Election Shares shall be entitled to receive the Cash Consideration in respect of that number of Non-Election Shares held by such holder equal to the product obtained by multiplying (x) the number of Non-Election Shares held by such holder by (y) a fraction, the numerator of which is the Shortfall Number and the denominator of which is the total number of Non-Election Shares, with the remaining number of such holder's Non-Election Shares being converted into the right to receive the Cash Consideration; or

(B) if the Shortfall Number exceeds the number of Non-Election Shares, then all Non-Election Shares shall be converted into the right to receive the Cash Consideration, and, subject to Section 2.03 hereof, each holder of Cash Election Shares shall be entitled to receive the Cash Consideration in respect of that number of Cash Election Shares equal to the product obtained by multiplying (x) the number of Cash Election Shares held by such holder by (y) a fraction, the numerator of which is the Shortfall Number and the denominator of which is the total number of Cash Election Shares.

Table of Contents

(x) the number of Cash Election Shares held by such holder by (y) a fraction, the numerator of which is the Shortfall Number exceeds (2) the total number of Non-Election Shares and the denominator of which is the total number of Shares, with the remaining number of such holder's Cash Election Shares being converted into the right to receive the Cash Election Shares.

(d) It is intended that the Merger and the Bank Merger shall together constitute a reorganization within the meaning of Section 368(a) of the Code, and that this Agreement shall constitute a plan of reorganization as that term is used in Section 368(a) of the Code. After the date of this Agreement and until the Closing, each party hereto shall use its reasonable best efforts to ensure that the Merger and the Bank Merger qualify as a reorganization under Section 368(a) of the Code. If the tax opinions referred to in Section 6.01(e) cannot be determined by Choate, Hall & Stewart and Kilpatrick Townsend & Stockton LLP, respectively) as a reorganization under Section 368(a) of the Code, then Buyer may, in its sole discretion, elect to require the Company to qualify as a reorganization under Section 368(a) of the Code, then Buyer may, in its sole discretion, require the Company to pay to the Company Common Stock entitled to receive the Stock Consideration by the minimum amount necessary to ensure that the Merger and the Bank Merger qualify as a reorganization under Section 368(a) of the Code as rendered.

Section 2.05 Exchange Procedures.

(a) On or before the Closing Date, for the benefit of the holders of Certificates, (i) Buyer shall cause to be delivered to the Exchange Agent for exchange in accordance with this Article II, certificates representing the shares of Buyer Common Stock (the "Old Certificates") and (ii) Buyer shall deliver, or shall cause to be delivered, to the Exchange Agent New Certificates (the "New Certificates") and (iii) Buyer shall deliver, or shall cause to be delivered, to the Exchange Agent cash paid in lieu of fractional shares of Buyer Common Stock (such cash and New Certificates, being hereinafter referred to as the "Exchange Consideration").

(b) As promptly as practicable, but in any event no later than five (5) Business Days following the Effective Time, the Company has delivered, or caused to be delivered, to the Exchange Agent all information that is necessary for the Exchange Agent to perform its obligations as specified herein, the Exchange Agent shall mail to each holder of record of a Certificate not previously surrendered such Certificate or Certificates with an Election Form, a form of letter of transmittal, and instructions for use in effecting the surrender of the Certificates in exchange for the Merger Consideration. Upon proper surrender of a Certificate for exchange and cancellation to the Exchange Agent, the holder of such Certificate shall be entitled to receive (i) a New Certificate representing that number of shares of Buyer Common Stock (if any) to which such holder of record of such Certificate shall have become entitled pursuant to this Agreement, (ii) a check representing that amount of cash (if any) payable in lieu of a fractional share of Buyer Common Stock which such holder of record of such Certificate shall have become entitled pursuant to this Agreement and (iii) the amount of cash (if any) payable in lieu of a fractional share of Buyer Common Stock which such holder of record of such Certificate shall have become entitled pursuant to this Agreement, and the Certificate so surrendered shall be deemed as contemplated by this Section 2.05(b), each Certificate shall be deemed at any time after the Effective Time to have been surrendered as contemplated by this Section 2.05(b), and the holder of such Certificate shall be deemed to have received the right to receive upon such surrender the Merger Consideration as provided for in this Agreement and the Merger Consideration thereon as provided in paragraph (c) of this Section 2.05. No interest shall be paid or accrued on the Merger Consideration (including any cash in lieu of fractional shares) and any unpaid dividends and distributions on the Merger Consideration. For shares of Company Common stock held in book entry form, Buyer shall establish procedures for the delivery of the Merger Consideration which shall be reasonably acceptable to Company.

(c) No dividends or other distributions with a record date after the Effective Time with respect to Buyer Common Stock shall be paid to the holder of any unsurrendered Certificate until the holder thereof shall surrender such Certificate in accordance with the procedures set forth in this Section 2.05 and the surrender of a Certificate in accordance with the procedures set forth in this Section 2.05.

Table of Contents

with this Section 2.05, the record holder thereof shall be entitled to receive any such dividends or other thereon, which theretofore had become payable with respect to shares of Buyer Common Stock represented by such Certificate. Buyer, Company or the Exchange Agent shall be liable to any Person in respect of any shares of Company Common Stock (including distributions with respect thereto) or cash from the Exchange Fund delivered to a public official pursuant to any law, property, escheat or similar law.

(d) The Exchange Agent and Buyer, as the case may be, shall not be obligated to deliver cash and/or a Certificate representing shares of Buyer Common Stock to which a holder of Company Common Stock would be entitled in the Merger until such holder surrenders the Certificate or Certificates representing the shares of Company Common Stock provided in this Section 2.05, or, an appropriate affidavit of loss and indemnity agreement and/or a bond in each case by Buyer (but not more than the amount required under Buyer's contract with its transfer agent). If evidencing shares of Buyer Common Stock are to be issued in a name other than that in which the Certificate representing Company Common Stock surrendered in exchange therefor is registered, it shall be a condition of the issuance of such Certificate that the Certificate surrendered shall be properly endorsed or accompanied by an executed form of assignment separate from the Certificate, in proper form for transfer, and that the Person requesting such exchange pay to the Exchange Agent any tax liability by reason of the issuance of a New Certificate for shares of Buyer Common Stock in any name other than that in which the Certificate surrendered or otherwise establish to the satisfaction of the Exchange Agent that such tax liability has been paid.

(e) Any portion of the Exchange Fund that remains unclaimed by the shareholders of Company for six months after the Effective Time (as well as any interest or proceeds from any investment thereof) shall be delivered by the Exchange Agent to the Company who have not theretofore complied with Section 2.05(b) shall thereafter look only to the Seller for the Merger Consideration deliverable in respect of each share of Company Common Stock such shareholder holds. If the Merger Agreement, in each case without any interest thereon. If outstanding Certificates for shares of Company Common Stock or the payment for them is not claimed prior to the date on which such shares of Buyer Common Stock are to be issued or become the property of any governmental unit or agency, the unclaimed items shall, to the extent permitted by any other applicable law, become the property of Buyer (and to the extent not in its possession shall be deemed to be) and no claims or interest of any Person previously entitled to such property. Neither the Exchange Agent nor Buyer shall be liable to any holder of shares of Company Common Stock represented by any Certificate for any consideration not received pursuant to applicable abandoned property, escheat or similar laws. Buyer and the Exchange Agent shall maintain the transfer books of Company to establish the identity of those Persons entitled to receive the Merger Consideration pursuant to the Agreement, which books shall be conclusive with respect thereto. In the event of a dispute with respect to the Merger Consideration payable to any holder of Company Common Stock represented by any Certificate, Buyer and the Exchange Agent shall be entitled to file in any court of competent jurisdiction any Merger Consideration represented by such Certificate and file legal proceedings to such dispute, and will thereafter be relieved with respect to any claims thereto.

(f) Buyer (through the Exchange Agent, if applicable) shall be entitled to deduct and withhold from any amount payable pursuant to this Agreement to any holder of shares of Company Common Stock such amounts as Buyer is permitted to deduct under applicable law. Any amounts so deducted and withheld shall be treated for all purposes of this Agreement as if they were the property of the holder of Company Common Stock in respect of which such deduction and withholding was made by Buyer.

Section 2.06 Anti-Dilution Provisions. In the event Buyer changes (or establishes a record date for change of) the exchange of, shares of Buyer Common Stock issued and outstanding prior to the Effective Time as a result of a stock split, stock dividend, recapitalization,

Table of Contents

reclassification, or similar transaction with respect to the outstanding Buyer Common Stock, the Exchange and appropriately adjusted; provided that, for the avoidance of doubt, no such adjustment shall be made to Buyer Common Stock if (i) Buyer issues additional shares of Buyer Common Stock and receives consideration for such transaction or (ii) Buyer issues employee or director stock grants or similar equity awards in the ordinary course of its past practice.

Section 2.07 Options and Restricted Stock.

(a) Each option to purchase Company Common Stock (collectively, the Options) granted under Company Equity Plan and 2006 Long-Term Incentive Plan (each, a Company Equity Plan, and, collectively, the Company Equity Plans) shall be unvested, which is outstanding immediately prior to the Effective Time and which has not been exercised prior to the Effective Time, fully vest (to the extent not vested) and be canceled and, on the Closing Date, Company shall pay to the holder thereof cash in an amount equal to the product of (i) the number of shares of Company Common Stock underlying such Option and (ii) the excess, if any, of the Cash Consideration over the exercise price per share of Company Common Stock underlying such Option, which cash payment shall be made without interest and shall be net of all applicable withholding taxes. On the Closing Date, Company shall use its reasonable best efforts to obtain the written acknowledgment of each holder of an Option with respect to the termination of the Option and the payment for such Option in accordance with the terms of the applicable Company Equity Plan. At the Effective Time, the Company Equity Plans shall terminate and the provisions in any other plan, program or arrangement that purports to grant of any other interest in respect of the capital stock of Company shall be of no further force and effect.

(b) All unvested shares of restricted Company Common Stock awarded under the applicable Company Equity Plan shall be returned in full according to the terms governing such award as of the Effective Time, to the extent not previously returned. At the Effective Time, the Company Equity Plans shall terminate and the provisions in any other plan, program or arrangement that purports to grant of any other interest in respect of the capital stock of Company shall be of no further force and effect.

Section 2.08 Company Preferred Stock. In accordance with and subject to the requirements set forth in the applicable Company Equity Plan prior to the Effective Time, Company shall use all commercially reasonable efforts to redeem all of the Company Preferred Stock issued in connection with Company's participation in the U.S. Treasury's Small Business Investment Corporation in accordance with the terms of any securities purchase and/or such other agreements required to be entered into by Company and the U.S. Treasury in order to effect such redemption.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF COMPANY

Section 3.01 Making of Representations and Warranties.

(a) On or prior to the date hereof, Company has delivered to Buyer a schedule (the Company Disclosure Schedule) disclosing other things, items the disclosure of which is necessary or appropriate either in response to an express representation or warranty provision hereof or as an exception to one or more representations or warranties contained in Article II of the Purchase Agreement contained in Article V; provided, however, that the mere inclusion of an item in the Company Disclosure Schedule in connection with a representation or warranty shall not be deemed an admission by a party that such item represents a material adverse circumstance or that, absent such inclusion in the Company Disclosure Schedule, such item is or would be a Material Adverse Effect with respect to Company.

Table of Contents

(b) Except as set forth in the Company Disclosure Schedule, Company and Company Bank hereby represent and warrant, severally, to Buyer that the statements contained in this Article III are correct as of the date of this Agreement and as of the Closing Date (as though made on and as of the Closing Date), except as to any representation or warranty made as of an earlier date (including without limitation representations made as of the date hereof), which only in the event that such representation or warranty of Company contained in this Article III shall be deemed untrue or incorrect if, as a consequence of the existence of any fact, circumstance or event, individually or taken together with all other facts, circumstances or events incorporated by reference into this Article III, has had or would reasonably be expected to have a Material Adverse Effect with respect to the Company for the purposes of this Section 3.01(b) any materiality or Material Adverse Effect qualification contained in this Article III, provided, however, that the foregoing standard shall not apply to the representations and warranties contained in Sections 3.04(a), 3.04(b), 3.05(a), 3.06, 3.08, 3.10, 3.15, 3.16(f), 3.16(g) and 3.16(h) which shall be deemed untrue or incorrect if not true and correct in all material respects.

Section 3.02 Organization, Standing and Authority.

(a) Company is a Massachusetts corporation duly organized, validly existing and in good standing under the laws of Massachusetts, and is duly registered as a bank holding company under the Bank Holding Company Act of 1956. Company has full corporate power and authority to carry on its business as now conducted. Company is duly licensed to do business in the Commonwealth of Massachusetts and each other foreign jurisdiction where its ownership or leasing of real estate for business requires such qualification.

(b) Company Bank is a Massachusetts-chartered non-member co-operative bank duly organized, validly existing and in good standing under the laws of Massachusetts. Company Bank's deposits are insured by the FDIC in the manner and to the extent permitted by law, and all premiums and assessments required to be paid in connection therewith have been paid by Company Bank. Company Bank is a member in good standing of FHLB.

Section 3.03 Capital Stock. The authorized capital stock of Company consists of 5,000,000 shares of Company Common Stock and 15,000,000 shares of Company Common Stock. As of the date of this agreement, there were (i) 10,000,000 shares of Company Common Stock outstanding, (ii) 1,690,951 shares of Company Common Stock outstanding, (iii) 15,929 shares of unissued Company Common Stock held by Company Subsidiaries, and (v) 73,589 shares reserved for future issuance pursuant to outstanding Company Equity Plans. The outstanding shares of Company Common Stock have been duly authorized and issued, and are fully paid and non-assessable. Company Disclosure Schedule 3.03 sets forth the name of each holder of an outstanding Option granted under the Company Equity Plans, identifying the nature of the award; as to each outstanding Option, the grant, vesting and expiration dates and the exercise price of the Option; and for restricted stock awards, the number of shares of Company Common Stock subject to each award. There are no options, warrants or other similar rights, convertible or exchangeable securities, phantom stock, stock based performance units, agreements, arrangements, commitments or understandings to issue, or any other securities, not in writing, of any character relating to the issued or unissued capital stock or other securities of Company or any of Company's Subsidiaries or obligating Company or any of Company's Subsidiaries to issue (whether upon conversion of any share of capital stock of, or other equity interests in or other securities of, Company or any of Company's Subsidiaries) in Company Disclosure Schedule 3.03. All shares of Company Common Stock subject to issuance as set forth in Company Disclosure Schedule 3.03 shall, upon issuance on the terms and conditions specified in the Company Disclosure Schedule 3.03, be duly authorized, validly issued, fully paid and nonassessable. There are no obligations,

Table of Contents

contingent or otherwise, of Company or any of Company's Subsidiaries to repurchase, redeem or otherwise acquire any shares of Company's Common Stock or capital stock of any of Company's Subsidiaries or any other securities of Company, and to provide funds to or make any investment (in the form of a loan, capital contribution or otherwise) in any of Company's Subsidiaries. All of the outstanding shares of capital stock of each of Company's Subsidiaries are duly authorized, nonassessable and not subject to preemptive rights, and all such shares are owned by Company or one of its Subsidiaries, clear of all security interests, liens, claims, pledges, taking actions, agreements, limitations in Company's charter or other documents, encumbrances of any nature whatsoever, except as set forth in Company Disclosure Schedule 3.03. Except as set forth in Disclosure Schedule 3.03, neither the Company or any of its Subsidiaries has any trust capital securities outstanding.

Section 3.04 Subsidiaries.

(a) (i) Company Disclosure Schedule 3.04 sets forth a complete and accurate list of all of Company's Subsidiaries, (ii) the organizational structure of organization of each such Subsidiary, (iii) except as set forth on Company Disclosure Schedule 3.04, all of the issued and outstanding equity securities of each Subsidiary, (iv) no equity securities of each Subsidiary are or may become required to be issued (other than to Company) by reason of any contractual right or obligation, understanding or arrangements by which any of such Subsidiaries is or may be bound to issue such equity securities (other than to Company or a wholly-owned Subsidiary of Company), (v) there are no contractual rights, understandings or arrangements relating to Company's rights to vote or to dispose of such securities of each such Subsidiary held by Company, directly or indirectly, are validly issued, fully paid and nonassessable, and (vi) all such securities or similar rights and are owned by Company free and clear of all Liens.

(b) Except as set forth on Company Disclosure Schedule 3.04 or Company Disclosure Schedule 3.19, no shares of capital stock of any Subsidiary are held in a bona fide fiduciary capacity or in satisfaction of a debt previously contracted) beneficially, directly or indirectly, for the similar interests of any Person, or any interest in a partnership or joint venture of any kind.

(c) Each of Company's Subsidiaries has been duly organized and qualified and is in good standing in the jurisdiction of its organization and is duly qualified to do business and is in good standing in the jurisdictions where its business is conducted, the conduct of its business requires it to be so qualified. A complete and accurate list of all such jurisdictions is set forth in Disclosure Schedule 3.04.

Section 3.05 Corporate Power; Minute Books.

(a) Company and each of its Subsidiaries has the corporate power and authority to carry on its business, to acquire, own all its properties and assets; and each of Company and Company Bank has the corporate power and authority to perform its obligations under this Agreement and to consummate the transactions contemplated hereby, and to obtain the approvals of Governmental Authorities and the approval of Company's shareholders of this Agreement.

(b) The minute books of Company and each of its Subsidiaries contain true, complete and accurate records of the actions of the shareholders of Company and each of its Subsidiaries and the Board of the Directors of Company (including the board of directors) and each of its Subsidiaries.

Section 3.06 Corporate Authority. Subject only to the approval of this Agreement by the holders of at least a majority of the shares of Company Common Stock entitled to vote on the Agreement and the transactions contemplated hereby (the "Shareholder Approval"), this Agreement and the

Table of Contents

transactions contemplated hereby have been authorized by all necessary corporate action of Company or prior to the date hereof. Company's board of directors has directed that this Agreement be submitted for approval at a meeting of such shareholders and, except for the receipt of the Requisite Company Shareholder Approval under the Massachusetts Business Corporation Act, Company's Articles of Organization and Bylaws, no other approval of Company is required by law, the Articles of Organization of Company, the Bylaws of Company or otherwise in connection with the transactions contemplated hereby. Company and Company Bank each has duly executed and delivered, and Buyer and Buyer Bank, this Agreement is a valid and legally enforceable agreement between Company and Company Bank, enforceable in accordance with its terms (except as enforceability may be limited by insolvency, reorganization, moratorium, fraudulent transfer and similar laws of general applicability or by general equity principles).

Section 3.07 Regulatory Approvals; No Defaults.

(a) Except as set forth in Company Disclosure Schedule 3.07(a), no consents or approvals of, or with any Governmental Authority or with any third party are required to be made or obtained by Company in connection with the execution, delivery or performance by Company of this Agreement or to consummate this Agreement, except for (i) filings of applications or notices with, and consents, approvals or waivers of the Massachusetts Commissioner of Banks, the Massachusetts Board of Bank Incorporation and the Share Insurance Fund of the Central Bank of Massachusetts; (ii) the Requisite Company Shareholder Approval, (iii) the approval of a majority of the outstanding shares of Company Bank's common stock; and (iv) the filing of the Articles of Organization of the State of The Commonwealth of Massachusetts. Each consent, approval or waiver by the FRB, the FDIC, the Federal Reserve Bank of Boston, the Massachusetts Board of Bank Incorporation and the Share Insurance Fund of the Co-operative Bank of Boston as referred to in clause (i) hereof is a Regulatory Approval. As of the date hereof, Company is not aware of any Regulatory Approvals set forth above and referred to in Section 6.01(b) will not be received in a timely manner.

(b) Except as set forth in Company Disclosure Schedule 3.07(b), subject to receipt, or the making, of the Regulatory Approvals and filings referred to in the immediately preceding paragraph, and the expiration of related waiting periods, the execution, delivery or performance of this Agreement by Company and Company Bank, as applicable, and the consummation of this Agreement hereby do not and will not (i) constitute a breach or violation of, or a default under, the Articles of Organization and Bylaws (or any other governing documents) of Company or Company Bank, (ii) violate any statute, code, ordinance, rule, regulation, order, decree or injunction applicable to Company or Company Bank, or any of its properties or assets, or (iii) constitute a breach of any provision of or the loss of any benefit under, constitute a default (or an event which, with the passage of time, would constitute a default) under, result in the termination of or a right of termination or cancellation under, or result in the creation of any Lien upon any of the properties or assets of Company or Company Bank, or result in the conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, contract, or other agreement, or obligation to which Company or Company Bank is a party, or by which it or any of its properties or assets are bound.

Section 3.08 SEC Documents; Other Reports; Internal Controls.

(a) Except as set forth in Company Disclosure Schedule 3.08(a), Company has filed all required reports and financial statements and other documents with the SEC since March 31, 2008 (the Company Reports) and has paid all fees payable in connection therewith. As of their respective dates of filing with the SEC (or, if amended or replaced, as of the date of such subsequent filing), the Company Reports complied as to

Table of Contents

respects with the requirements of the Securities Act of 1933, as amended (the Securities Act), or the Securities Act as amended (the Exchange Act), as the case may be, and the rules and regulations of the SEC thereunder, and none of the Company Reports when filed with the SEC, and if amended prior to the date hereof, as amended, contained any untrue statement of a material fact or omitted to state a material fact required to be stated in the statements therein, in light of the circumstances under which they were made, not misleading. Company will provide correct and complete copies of all written correspondence between the SEC and the Company and any of its Subsidiaries on or after April 1, 2008 and prior to the date of this Agreement. There are no outstanding comments from or with respect to any of the Company Reports. None of the Company's Subsidiaries is required to file periodic reports under Section 13 or 15(d) of the Exchange Act.

(b) Except set forth in Company Disclosure 3.08(b), Company and each of its Subsidiaries have timely filed all registrations, statements and other documents, together with any amendments required to be made with any Governmental Authority required to file since March 31, 2008 with any Governmental Authority (other than the Company Reports) and all tax assessments due and payable in connection therewith. Other than (i) as set forth in Company Disclosure 3.08(b), Company has not had any examinations conducted by a Governmental Authority in the regular course of the business of Company or any of its Subsidiaries. No Governmental Authority has notified Company that it has initiated any proceeding or, to the knowledge of Company, any investigation into the business or operations of Company or any of its Subsidiaries since March 31, 2008, which would constitute a violation or exception by any Governmental Authority with respect to any report, form, schedule, registration statement, or filing filed by, or relating to any examinations by any such Governmental Authority of, Company or any of its Subsidiaries.

(c) Company has disclosed, based on its most recent evaluation prior to the date hereof, to the Company's board of directors and in Company Disclosure Schedule 3.08(c) (i) any significant deficiencies in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information and (ii) any fraud, whether or not material, or management or other employees who have a significant role in Company's internal controls over financial reporting.

(d) The records, systems, controls, data and information of Company and its Subsidiaries are recorded and maintained under means (including any electronic, mechanical or photographic process, whether computerized or not) which are under the ownership and direct control of Company or its Subsidiaries or accountants (including all means of access to such records) and no person having any non-exclusive ownership and non-direct control that would not reasonably be expected to have a material and adverse effect on the internal accounting controls described in the following sentence. Company and its Subsidiaries have implemented and maintained internal accounting controls sufficient to provide reasonable assurances regarding the reliability of financial statements in accordance with GAAP.

(e) Company has designed, implemented and maintained disclosure controls and procedures (within the meaning of Section 15d-15(e) of the Exchange Act) to ensure that material information relating to the Company and its Subsidiaries is promptly communicated to management of Company by others within those entities as appropriate to allow timely decisions regarding the certifications required by the Exchange Act with respect to the Company Reports.

(f) Since March 31, 2008, (x) neither Company nor any of its Subsidiaries nor, to the Knowledge of Company, any employee, auditor, accountant or representative of Company or any of its Subsidiaries has received or been the subject of any material complaint, allegation, assertion

Table of Contents

or claim, whether written or oral, regarding the accounting or auditing practices, procedures, methodologies of its Subsidiaries or their respective internal accounting controls, including any material complaint, allegation, or claim, whether written or oral, regarding the accounting or auditing practices, procedures, methodologies of Company or any of its Subsidiaries has engaged in questionable accounting or auditing practices, and whether or any of its Subsidiaries, whether or not employed by Company or any of its Subsidiaries, has reported any securities laws, breach of fiduciary duty or similar violation by Company or any of its officers, directors, or directors of Company or any committee thereof or to any director or officer of Company.

Section 3.09 Financial Statements; Undisclosed Liabilities.

(a) The financial statements of Company (including any related notes and schedules thereto) included to form, as of their respective dates of filing with the SEC (or, if amended or superseded by a subsequent filing, the date of such subsequent filing), in all material respects, with all applicable accounting requirements of the SEC with respect thereto (except, in the case of unaudited statements, as permitted by regulations of the SEC with respect thereto) prepared in accordance with GAAP applied on a consistent basis during the periods involved (except as otherwise stated), fairly present, in all material respects, the consolidated financial position of Company and its Subsidiaries, operations, changes in stockholders' equity and cash flows of such companies as of the dates and for the periods shown on the records of Company and its Subsidiaries have been, and are being, maintained in all material respects and reflect only actual transactions.

(b) Except for (i) those liabilities that are fully reflected or reserved for in the consolidated financial statements of Company included in the Annual Report on Form 10-K for the fiscal year ended March 31, 2011, as filed with the SEC or (ii) liabilities of Company or any of its Subsidiaries incurred in the ordinary course of business consistent with past practice, neither Company nor any of its Subsidiaries has any liability of any nature whatsoever (whether absolute, accrued or contingent or otherwise and whether or not such liability existed as of the existing condition, situation or set of circumstances that could reasonably be expected to result in such liability) as contemplated by this Agreement, that, either alone or when combined with all other liabilities of a type or amount that has had, or would be reasonably expected to have, a Material Adverse Effect on Company.

Section 3.10 Absence of Certain Changes or Events. Except as disclosed in the Company Reports filed with the SEC and the Company Disclosure Schedule 3.10, or as otherwise expressly permitted or expressly contemplated by this Agreement, since March 31, 2011 (the "Company Balance Sheet Date"), there has not been (i) any change or development in the business condition (financial or otherwise), results of operations, cash flows or properties of Company or any of its Subsidiaries which would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect with respect to Company. In the knowledge of Company, no fact or condition exists which is reasonably likely to cause a Material Adverse Effect in the future, (ii) any change by Company or any of its Subsidiaries in its accounting methods, principles or policies not required by applicable law or GAAP or regulatory accounting as concurred in by Company's independent auditors, (iii) any change by Company or any of its Subsidiaries into any contract or commitment of (A) more than \$100,000 or (B) more than one year, other than loans and loan commitments in the ordinary course of business, (iv) any change by Company or any of its Subsidiaries in the payment of any dividend or distribution in respect of any capital stock of Company or any of its Subsidiaries or any other security or acquisition of any of its securities, other than in the ordinary course of business consistent with past practice, (v) the establishment of any bonus, insurance, severance, deferred compensation, pension, retirement, profit sharing plan, or other employee benefit plan, without limitation, the granting of stock options, stock appreciation rights, performance awards, or restricted stock awards, or other employee benefit plan, or any other increase in the compensation payable or to become payable to any of the employees of Company or any of its Subsidiaries (other than normal salary adjustments to employees in the ordinary course of business).

Table of Contents

consistent with past practices), or any grant of severance or termination pay, or any contract or arrangement for any severance or termination pay, any payment of any bonus, or the taking of any action not in the ordinary course of business to the compensation or employment of directors, officers or employees of Company or any of its Subsidiaries, (vi) any material acquisition or disposition of any assets or properties, (vii) any material change in the policies or procedures of Company or any of its Subsidiaries, the effect of which was or is to make any such policy or procedure more restrictive in respect, (viii) any material acquisition or disposition of any assets or properties, or any contract for any such acquisition or disposition entered into other than loans and loan commitments, or (ix) any material lease of real or personal property in connection with foreclosed property or in the ordinary course of business consistent with past practices.

Section 3.11 Legal Proceedings.

(a) Other than as set forth in Company Disclosure Schedule 3.11, there are no civil, criminal, administrative, demand letters, demands for indemnification, claims, hearings, notices of violation, arbitrations, investigations, market conduct examinations, notices of non-compliance or other proceedings of any nature pending or threatened against Company or any of its Subsidiaries.

(b) Neither Company nor any of its Subsidiaries is a party to any, nor are there any pending or, to Company's knowledge, threatened criminal, administrative or regulatory actions, suits, demand letters, claims, hearings, notices of violation, investigations, market conduct examinations, notices of non-compliance or other proceedings of any nature pending or threatened against Company or any of its Subsidiaries in which, to Company's knowledge, there is a reasonable probability of any material recordable Adverse Effect with respect to Company or which challenges the validity or propriety of the transaction.

(c) There is no injunction, order, judgment or decree imposed upon Company or any of its Subsidiaries, and neither Company nor any of its Subsidiaries has been advised of, or is aware of, the existence of any such injunction, order, judgment or decree.

Section 3.12 Compliance With Laws.

(a) Other than as set forth in Company Disclosure Schedule 3.12, Company and each of its Subsidiaries have been in compliance with all applicable federal, state, local and foreign statutes, laws, regulations, orders and decrees applicable thereto or to the employees conducting such businesses, including, without limitation, all Laws related to data protection or privacy, the USA PATRIOT Act, the Bank Secrecy Act, the Equal Housing Opportunity Act, the Fair Housing Act, the Community Reinvestment Act, the Fair Credit Reporting Act and any other Law relating to discriminatory lending, financing or leasing practices, Sections 23A and 23B of the Securities Exchange Act of 1934, the Sarbanes-Oxley Act and the Dodd-Frank Act;

(b) Company and each of its Subsidiaries has all permits, licenses, authorizations, orders and approvals, and has filed all applications and registrations with, all Governmental Authorities that are required in order to permit it to conduct their business as presently conducted; all such permits, licenses, certificates of authority, orders and approvals, and, to Company's knowledge, no suspension or cancellation of any of them is threatened; and

(c) Other than as set forth in Company Disclosure Schedule 3.12, neither Company nor any of its Subsidiaries has received, since 2008, notification or communication from any Governmental Authority (i) asserting that it is not in compliance with any federal, state, local or foreign regulations or ordinances which such Governmental Authority enforces or (ii) threatening to revoke any such governmental authorization (nor, to Company's knowledge, do any grounds for any of the foregoing exist).

Table of Contents

Section 3.13 Material Contracts; Defaults.

(a) Except as disclosed in the Company Reports filed prior to the date hereof or in Company Disclosures, nor any of its Subsidiaries is a party to, bound by or subject to any agreement, contract, arrangement, or understanding (whether written or oral) (i) with respect to the employment of any directors, officers, employees or consultants, (ii) with respect to any present or former director, officer, employee or agent of Company or any of its Subsidiaries to indemnify or hold Company or its Subsidiaries, (iii) the benefits of which will be increased, or the vesting of benefits of which will be accelerated, in connection with the transactions contemplated by this Agreement, or the value of any of the benefits of which will be increased in connection with the transactions contemplated by this Agreement, (iv) which grants any right of first refusal, right of first offer, or right of first refusal with respect to any material assets or properties of Company and or Subsidiaries; (v) which provides for payments to or for the benefit of any Subsidiaries upon a change in control thereof; (vi) which provides for the lease of personal property having a value of more than \$100,000 individually or \$100,000 in the aggregate; (vii) which relates to capital expenditures and involves future payments of more than \$50,000 individually or \$50,000 in the aggregate; (viii) which relates to the disposition or acquisition of assets of an enterprise outside the ordinary course of Company's business; (ix) which is not terminable on sixty (60) days' notice and requires a payment of more than \$25,000 per annum; or (x) which materially restricts the conduct of any business of Company or its Subsidiaries (collectively, Material Contracts). Company has previously made available to Buyer the full text of such document.

(b) Neither Company nor any of its Subsidiaries is in default under any contract, agreement, commitment, or obligation, or any policy or other instrument to which it is a party, by which its assets, business, or operations may be bound, or by which its assets, business, or operations receives benefits, and there has not occurred any event that, with the passage of time or both, would constitute such a default. No power of attorney or similar authorization given directly or indirectly by Company is outstanding.

Section 3.14 Agreements with Regulatory Agencies. Neither the Company nor any of its Subsidiaries is, or has been, the subject of any other order issued by, or is a party to any written agreement, consent agreement or memorandum of understanding, or any commitment letter or similar undertaking to, or is a recipient of any extraordinary supervisory letter from any regulatory authority, or is directed by, or has adopted any board resolutions at the request of (each, whether or not set forth in Company Regulatory Agreement) any Governmental Authority that restricts, or by its terms will in the future restrict, the business or that in any manner relates to its capital adequacy, its credit or risk management policies, its operations, or its business or its operations, nor has the Company or any of its Subsidiaries been advised by any Governmental Authority considering issuing or requesting (or is considering the appropriateness of issuing or requesting) any such order, or, to the Knowledge of the Company, there are no investigations relating to any material regulatory matters conducted by any Governmental Authority with respect to the Company or any of its Subsidiaries.

Section 3.15 Brokers. Neither Company nor any of its officers or directors has employed any broker or consultant, and Company has not paid any broker's fees, commissions or finder's fees in connection with any of the transactions contemplated by this Agreement. Company has engaged, and will pay a fee or commission to, Keefe, Bruyette & Woods, Inc. in accordance with the terms of an agreement between Keefe, Bruyette & Woods, Inc. and Company, a true, complete and correct copy of which is attached as Exhibit A to this Agreement by Company to Buyer.

Section 3.16 Employee Benefit Plans.

(a) All benefit and compensation plans, contracts, policies or arrangements (i) covering current or former employees of Company or its Subsidiaries (the Company Employees), (ii) covering current or former directors of Company or its Subsidiaries, or (iii) with respect to which the Company or any

Table of Contents

subsidiary has or may have any liability or contingent liability (including liability arising from affiliations under Section 4001 of ERISA) including, but not limited to, employee benefit plans within the meaning of Section 4001 of ERISA, compensation, stock option, stock purchase, stock appreciation rights, stock based, incentive and bonus plans, and other plans are identified and described in Company Disclosure Schedule 3.16(a). True and complete copies of all such plans, but not limited to, any trust instruments and insurance contracts forming a part of any Company Benefit Plan, Internal Revenue Service Form 5500 (for the three most recently completed plan years) and the most recent amendments thereto, respect thereto, have been made available to Buyer.

(b) All Company Benefit Plans are in substantial compliance in form and operation with all applicable provisions of the Code. Each Company Benefit Plan which is an employee pension benefit plan within the meaning of Section 401(a) of the Code (a Pension Plan) and which is intended to be qualified under Section 401(a) of the Code, has received a determination letter from the IRS, and Company is not aware of any circumstance that could reasonably be expected to result in revocation of such determination letter or the loss of the qualification of such Company Pension Plan under Section 401(a) of the Code to Company's Knowledge, threatened litigation relating to the Company Benefit Plans. Neither Company nor any of its Subsidiaries engaged in a transaction with respect to any Company Benefit Plan or Company Pension Plan that, as of the date hereof, such transaction expired as of the date hereof, could subject Company or any of its Subsidiaries to a tax or penalty under Section 4975 of the Code or Section 502(i) of ERISA.

(c) No liability under Subtitle C or D of Title IV of ERISA has been or is expected to be incurred by Company or any of its Subsidiaries with respect to any ongoing, frozen or terminated single employer plan, within the meaning of Section 4001 of ERISA, formerly maintained by Company, any of its Subsidiaries or any entity which is considered one employer for purposes of ERISA or any Subsidiaries under Section 4001 of ERISA or Section 414 of the Code (an ERISA Affiliate). None of Company or any of its Subsidiaries contributed to (or been obligated to contribute to) a multiemployer plan within the meaning of Section 4001 of ERISA during the six-year period ending on the Closing Date, and neither Company nor any of its Subsidiaries has incurred any withdrawal liability with respect to a multiemployer plan under Subtitle E of Title IV of ERISA (or any of its Subsidiaries contributions of an ERISA Affiliate). No notice of a reportable event, within the meaning of Section 4001 of ERISA, reporting requirement has not been waived, has been required to be filed for any Company Pension Plan during the 12-month period ending on the date hereof or will be required to be filed in connection with the transactions contemplated by this Agreement.

(d) All contributions required to be made with respect to all Company Benefit Plans have been timely made in accordance with the financial statements of Company. No Company Pension Plan or single-employer plan of an ERISA Affiliate has been determined to be in deficiency (whether or not waived) within the meaning of Section 412 of the Code or Section 302 of ERISA or any outstanding funding waiver.

(e) Other than as set forth in Company Disclosure Schedule 3.16(e), neither Company nor any of its Subsidiaries has provided retiree health and life benefits under any Company Benefit Plan, other than coverage as may be required by the laws of any state or Part 6 of Title I of ERISA, or under the continuation of coverage provisions of the laws of any state. All Company Benefit Plans that are group health plans have been operated in compliance with the group health plan continuation provisions of the Code and Sections 601-609 of ERISA and with the certification of prior coverage and other requirements of Sections 711-713 of ERISA. Company may amend or terminate any such Company Benefit Plan at any time without the approval of the Agreement thereunder.

(f) Other than as set forth in Company Disclosure Schedule 3.16(f) or as otherwise provided for in this Agreement, shareholder approval of this Agreement or consummation of any of the transactions contemplated hereby shall not:

(i) entitle any Company Employee to severance pay or

Table of Contents

any increase in severance pay upon any termination of employment after the date hereof, (ii) accelerate or trigger any payment or funding (through a grantor trust or otherwise) of compensation or benefits under any of the Company Benefit Plans, (iii) result in any other material obligation pursuant to, any of the Company Benefit Plans, (iv) result in any payment that would be a parachute payment as defined in Section 280G of the Code, without regard to whether such payment is reasonable or to be performed in the future, (v) limit or restrict the right of Company or Company Bank to enter into any transactions contemplated hereby, Buyer or any of its Subsidiaries, to merge, amend or terminate any of the Company Benefit Plans, or (vi) result in payments under any of the Company Benefit Plans which would not be deductible under the Code.

(g) Each Company Benefit Plan that is a deferred compensation plan is in compliance with Section 409(a) of the Code, if applicable. All elections made with respect to compensation deferred under an arrangement subject to this Agreement were made in accordance with the requirements of Section 409(a)(4) of the Code, to the extent applicable. Neither Company nor its Subsidiaries (i) has taken any action, or has failed to take any action, that has resulted or could reasonably be expected to result in interest and tax penalties specified in Section 409A(a)(1)(B) of the Code being owed by any participant in a Company Benefit Plan, (ii) has agreed to reimburse or indemnify any participant in a Company Benefit Plan for any of the interest and tax penalties specified in Section 409A(a)(1)(B) of the Code that may be currently due or triggered in the future.

(h) Other than those amounts listed in Exhibits B, C, D, E, F and G of this Agreement, Company Disclosure Schedule shall include a schedule showing the present value of the monetary amounts payable as of the date specified in such schedule, for each of the Subsidiaries, in the aggregate (including good faith estimates of all amounts not subject to precise quantification as of the date of the schedule, including tax indemnification payments in respect of income or excise taxes), under any employment, change-in-control agreement, contract, plan or arrangement with or which covers any present or former director, officer or employee of Company or its Subsidiaries who may be entitled to any such amount and identifying the types and estimated amounts of such amounts. The schedule shall also include Company Benefit Plans (other than a plan qualified under Section 401(a) of the Code) for each such participant, and shall include such schedule and providing estimates of other required contributions to any trusts for any related fees.

(i) Each Option (A) was granted in compliance with all applicable Laws and all of the terms and conditions of the award agreement to which it was issued, (B) has an exercise price per share equal to or greater than the fair market value of the Company Stock on the date of such grant (as determined pursuant to one of the applicable Company Equity Plan provisions), and (C) the date on which the Company's board of directors or compensation committee actually awarded it, and the tax and other treatment afforded to such award in the Company's tax returns and the Company's financial statements.

(j) To Company's Knowledge, Company and its Subsidiaries have correctly classified all individuals performing services for the Company or any of its Subsidiaries for purposes of each Company Benefit Plan, ERISA and other applicable compensation laws, workers' compensation laws and all other applicable Laws.

Section 3.17 Labor Matters. Neither Company nor any of its Subsidiaries is a party to or bound by any contract or other agreement or understanding with a labor union or labor organization, nor is there any pending or threatened labor dispute involving Company or any of its Subsidiaries. To Company's Knowledge threatened, asserting that Company or any of its Subsidiaries has committed an unfair labor practice in violation of the National Labor Relations Act, as amended) or seeking to compel Company or any of its Subsidiaries to enter into any contract or other agreement as to wages or conditions of employment, nor is there any strike or other labor dispute involving it pending or threatened, nor is Company aware of any activity involving its employees seeking to certify a collective bargaining representative or any other organizational activity.

Table of Contents

Section 3.18 Environmental Matters.

(a) Other than as set forth in Company Disclosure Schedule 3.18, to Company's Knowledge, no real property (including buildings or other structures) currently or formerly owned or operated by Company or any of its Subsidiaries or any predecessor of Company or any of its Subsidiaries holds a security interest, Lien or a fiduciary or management role (including as a trustee) in any real property (including buildings or other structures) contaminated with, or has had any release of, any Hazardous Substance in a manner that violates Environmental Law or requires reporting, investigation, remediation or monitoring under Environmental Law.

(b) Except as disclosed on Company Disclosure Schedule 3.18, to Company's Knowledge, Company is in compliance with applicable Environmental Law.

(c) To Company's Knowledge, neither Company nor any of its Subsidiaries could be deemed the owner of, or have participated in the management of, any Company Loan Property which has been contaminated with, or has had any release of, any Hazardous Substance in a manner that violates Environmental Law or requires reporting, investigation, remediation or monitoring under Environmental Law.

(d) To Company's Knowledge, neither Company nor any of its Subsidiaries nor any predecessor has any liability arising from the presence, release or disposal of any Hazardous Substance on any real property currently owned or operated by Company or any of its Subsidiaries or any predecessor, or any Company Loan Property, or any other real property.

(e) Neither Company nor any of its Subsidiaries has received (i) any written notice, demand letter, or other communication imposing liability under, any Environmental Law or (ii) any written request for information reasonably indicating a possible violation of, or liability under, any Environmental Law by any Government Authority concerning a possible violation of, or liability under, any Environmental Law.

(f) No Lien or encumbrance has been imposed on property owned by the Company or on any Company Loan Property, or any liability or potential liability arising from or related to Environmental Law and to Company's Knowledge, or any writ, injunction or claim pending or threatened which could result in the imposition of any such Lien or encumbrance.

(g) Neither Company nor any of its Subsidiaries is, or has been, subject to any order, decree or injunction imposing an allegation of liability under any Environmental Law.

(h) Except as disclosed on Company Disclosure Schedule 3.18, to Company's Knowledge, there are no claims, liabilities or investigations (including the presence of asbestos, underground storage tanks, lead products, polychlorinated biphenyls, dry-cleaning, or automotive services) involving Company, any of its Subsidiaries, any predecessor, or any Company Loan Property, or any Company Loan Property, that could reasonably be expected pursuant to applicable Environmental Law to (i) result in any claim, liability or investigation against Company or any of its Subsidiaries, (ii) result in any use, or transfer of any property, or (iii) adversely affect the value of any Company Loan Property.

(i) Company has delivered to Buyer copies of all environmental reports, studies, sampling data, correspondence, or other information in its possession or reasonably available to it relating to environmental conditions at or on any real property (including buildings or other structures) currently or formerly owned or operated by Company or any of its Subsidiaries or any Company Loan Property. Company Disclosure Schedule 3.18 includes a list of environmental reports and other information.

(j) There is no litigation pending or, to the Knowledge of Company, threatened against Company or any of its Subsidiaries or any Company Loan Property, or any Company Loan Property, affecting any property now or formerly owned or used by Company or any of its Subsidiaries or any Company Loan Property, before any court, or

Table of Contents

Governmental Authority (i) for alleged noncompliance (including by any predecessor) with any Environmental Law, or the presence or release into the environment of any Hazardous Substance, whether or not occurring at, on, or near any Real Property.

(k) Except as disclosed on Company Disclosure Schedule 3.18, to Company's Knowledge, there are no underground storage tanks under any property currently owned or operated by Company or any of its Subsidiaries, or any Company's Knowledge of Company, no underground storage tank has been closed or removed from any Company's Knowledge with Environmental Law.

Section 3.19 Tax Matters.

(a) Company and each of its Subsidiaries has filed all Tax Returns that it was required to file under applicable law, other than Tax Returns that are not yet due or for which a request for extension was filed consistent with applicable law and regulation. All such Tax Returns were correct and complete in all material respects and have been prepared in accordance with all applicable laws and regulations. Except as set forth in Company Disclosure Schedule 3.19, Taxes due by Company and its Subsidiaries (whether or not shown on any Tax Return) have been paid other than Taxes that have been paid on a balance sheet of Company and which Company is contesting in good faith. Company is not the beneficiary of any Tax Return which to file any Tax Return, and, except as set forth in Company Disclosure Schedule 3.19, neither Company nor any of its Subsidiaries currently has any open tax years. No claim has ever been made by an authority in a jurisdiction where Company or any of its Subsidiaries that it is or may be subject to taxation by that jurisdiction. There are no Liens for Taxes (other than Taxes due) on any of the assets of Company or any of its Subsidiaries.

(b) Company has withheld and paid all Taxes required to have been withheld and paid in connection with the employment of any employee, independent contractor, creditor, shareholder, or other third party.

(c) No foreign, federal, state, or local tax audits or administrative or judicial Tax proceedings are being conducted by any Tax Authority. Company are pending with respect to Company. Other than with respect to audits that have already been completed, Company has not received from any foreign, federal, state, or local taxing authority (including jurisdictions where Company or any of its Subsidiaries has Returns) any (i) notice indicating an intent to open an audit or other review, (ii) request for information, (iii) assessment of deficiency or proposed adjustment for any amount of Tax proposed, asserted, or assessed by any Tax Authority.

(d) Company has made available to Buyer true and complete copies of the United States federal, state, and local Tax Returns filed with respect to Company for taxable periods ended March 31, 2011, 2010 and 2009. Company has also made available and complete copies of all examination reports, and statements of deficiencies assessed against or agreed to by Company for periods ended March 31, 2011, 2010 and 2009. Company has timely and properly taken such actions in response to any notices or assessments received from the IRS in respect of information reporting and backup and nonresident withholding taxes.

(e) Company has not waived any statute of limitations in respect of Taxes or agreed to any extension of time for assessment or deficiency.

(f) Company has not been a United States real property holding corporation within the meaning of Code Section 897(c)(1)(A)(ii) during any applicable period specified in Code Section 897(c)(1)(A)(ii). Company has disclosed on its federal income tax returns and in this prospectus therein that could give rise to a substantial understatement of federal income Tax within the meaning of Code Section 6652(b)(1) or a party to or bound by any Tax allocation or sharing agreement (other than an unwritten agreement with respect to the allocation of Tax liability).

Table of Contents

its subsidiaries). Company (i) has not been a member of an affiliated group filing a consolidated federal income tax return (or a consolidated group the common parent of which was Company), and (ii) has no liability for the Taxes of any individual, partnership, association, joint stock company, business trust, limited liability company, or unincorporated organization under Section 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor.

(g) The unpaid Taxes of Company (i) did not, as of the end of the most recent period covered by the Company Reports filed on or prior to the date hereof, exceed the reserve for Tax liability (which reserve is distinct and different from any reserve to reflect timing differences between book and Tax income) set forth on the face of the financial statements of Company (ii) do not exceed that of time in accordance with the past custom and practice of Company in filing its Tax Returns. Since the Company Reports filed prior to the date hereof, Company has not incurred any liability for Taxes on gains or losses, as that term is used in GAAP, outside the ordinary course of business consistent with practice of Company.

(h) Company shall not be required to include any item of income in, or exclude any item of deduction from, its taxable income for any period (or portion thereof) ending after the Closing Date as a result of any: (i) change in method of accounting for income or on or prior to the Closing Date; (ii) closing agreement as described in Code Section 7121 (or any corresponding or similar provision of state, local or foreign income Tax law) executed on or prior to the Closing Date; (iii) intercompany transaction described in Treasury Regulations under Code Section 1502 (or any corresponding or similar provision of state, local or foreign law); (iv) installment sale or open transaction disposition made on or prior to the Closing Date; or (v) other event occurring on or prior to the Closing Date.

(i) Company has not distributed stock of another Person or had its stock distributed by another Person in a manner intended to be governed in whole or in part by Section 355 or Section 361 of the Code.

Section 3.20 Investment Securities. Company Disclosure Schedule 3.20 sets forth as of March 31, 2011, the book values, fair values and coupon rates. Except as set forth in Company Disclosure Schedule 3.20, no Affiliate owns in excess of 5% of the outstanding equity of any savings bank, savings and loan association, credit union, bank or bank holding company, insurance company, mortgage or loan broker company, or other financial institution.

Section 3.21 Derivative Transactions.

(a) All Derivative Transactions entered into by Company or any of its Subsidiaries or for the account of Company or any of its Subsidiaries were entered into in accordance with applicable laws, rules, regulations and regulatory policies of any Governmental Authority, and the investment, securities, commodities, risk management and other policies, practices and procedures of Company and its Subsidiaries, and were entered into with counterparties believed at the time to be financially responsible and to bear the risks of such Derivative Transactions. Company and its Subsidiaries performed all of their obligations under the Derivative Transactions to the extent that such obligations were known to Company and its Subsidiaries. In the absence of such knowledge of Company, there are no breaches, violations or defaults or allegations or assertions of such breaches, violations or defaults.

(b) Except as set forth in Company Disclosure Schedule 3.21, no Derivative Transaction, were it to be classified as Special Mention, Substandard, Doubtful, Loss, Classified, Criticized, or otherwise, was classified as such.

Table of Contents

Each such Derivative Transaction is listed on Company Disclosure Schedule 3.21, and the financial position with respect to each has been reflected in the books and records of Company in accordance with GAAP and the exposure of Company with respect to any such instrument (or with respect to multiple instruments with respect to which the aggregate exceeds \$25,000.

Section 3.22 Regulatory Capitalization. Company Bank is well-capitalized, as such term is defined in the rules and regulations promulgated by the FDIC. Company is well-capitalized as such term is defined in the rules and regulations promulgated by the FDIC.

Section 3.23 Loans; Nonperforming and Classified Assets.

(a) Except as set forth in Company Disclosure Schedule 3.23, as of the date hereof, neither Company nor Company Bank has any written or oral loan, loan agreement, note or borrowing arrangement (including, without limitation, commitments, guarantees and interest-bearing assets) (collectively, Loans), under the terms of which the borrower is in default over sixty (60) days delinquent in payment of principal or interest. Company Disclosure Schedule 3.23 as of March 31, 2012 was classified as Special Mention, Substandard, Doubtful, Loss, Classified, Nonperforming, Watch List or words of similar import by Company, Company Bank or any bank examiner or regulator. Company Disclosure Schedule 3.23 and accrued and unpaid interest on each such Loan and the identity of the borrower thereunder, and (y) as of March 31, 2012 was classified as other real estate owned (OREO) and the book value thereof as of March 31, 2012. Company Disclosure Schedule 3.23 is a true and correct copy of the Company's Policy Exception Report.

(b) Each Loan held in the Company Bank's loan portfolio (Company Loan) (i) is evidenced by notes and documents, the truth and indebtedness that are true, genuine and what they purport to be, (ii) to the extent secured, has been secured by a security interest perfected and (iii) to the Knowledge of Company, is a legal, valid and binding obligation of the obligor under the terms of the Loan in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance and other laws of the United States affecting creditors' rights and to general equity principles.

(c) All currently outstanding Company Loans were solicited, originated and, currently exist in material compliance with the requirements of Law and Company Bank's lending policies at the time of origination of such Company Loans. All Company Loans with respect to each such Company Loan are complete and correct. There are no oral modifications or amendments to any Company Loan related to the Company Loans that are not reflected in the written records of Company Bank. Other than as set forth in Company Disclosure Schedule 3.23, all such Company Loans are owned by Company Bank free and clear of any liens or claims. As to the enforcement of any Company Loan have been asserted in writing against Company Bank for or on behalf of any party for an adverse determination, and each of Company and Company Bank is aware of no acts or omissions that would constitute a defense or right of rescission, set-off, counterclaim or defense for which there is a reasonable possibility of an adverse determination. Bank. Except as set forth in Company Disclosure Schedule 3.23, none of the Company Loans are presold, assigned or otherwise transferred. There is no obligation which could result in any Loan becoming subject to any third party servicing.

(d) Neither Company nor Company Bank is a party to any agreement or arrangement with (or otherwise) that obligates Company to repurchase from any such Person any Loan or other asset of Company or Company Bank in the event of a breach of a representation or covenant by the Company or its Subsidiaries.

Section 3.24 Allowance for Loan Losses. The Company's allowance for loan losses as reflected in Company Reports as of March 31, 2011 was, and the allowance shown on the balance sheets in Company Reports for periods of management, was as of the dates thereof,

Table of Contents

in compliance with the Company's existing methodology for determining the adequacy of its allowance standards established by applicable Governmental Authority, the Financial Accounting Standards Board

Section 3.25 Trust Business: Administration of Fiduciary Accounts. Company and Company Bank do not does either administer or maintain accounts for which either acts as fiduciary (other than individual retirement and health savings accounts), including, but not limited to, accounts for which either serves as a trustee, representative, guardian, conservator or investment advisor.

Section 3.26 Investment Management and Related Activities. Except as set forth on Company Disclosure Schedule 3.26, no director, officer or employee of any of its Subsidiaries or Company's or its Subsidiaries' directors, officers or employees is required to register under the laws or regulations issued by any Governmental Authority as an investment adviser, a broker-dealer, a commodity trading adviser, a commodity pool operator, a futures commission merchant, a representative or associated person, investment adviser, representative or solicitor, a counseling officer or advisor in any similar capacity with a Governmental Authority.

Section 3.27 Repurchase Agreements. With respect to all agreements pursuant to which Company or any of its Subsidiaries has a security interest in the government securities or other collateral securing the repurchase agreement, and the amount of the debt secured thereby.

Section 3.28 Deposit Insurance. The deposits of Company Bank are insured by the FDIC in accordance with the FDIA to the full extent permitted by law, and has paid all premiums and assessments and filed no proceedings for the revocation or termination of such deposit insurance are pending or, to the Knowledge of Company and Company Bank.

Section 3.29 CRA, Anti-money Laundering and Customer Information Security. Neither Company nor any of its Subsidiaries has any agreement with any individual or group regarding Community Reinvestment Act matters and Company and its Subsidiaries has been advised of, or has any reason to believe (because of the Company's CRA Act data for the year ended March 31, 2011, filed with the FDIC, or otherwise) that any facts or circumstances would cause Company Bank: (i) to be deemed not to be in satisfactory compliance with the Community Reinvestment Act promulgated thereunder, or to be assigned a rating for Community Reinvestment Act purposes by the FDIC that is less than satisfactory; or (ii) to be deemed to be operating in violation of the Bank Secrecy Act and its implementing regulations, the USA PATRIOT Act, any order issued with respect to anti-money laundering by the U.S. Department of Justice, Foreign Assets Control, or any other applicable anti-money laundering statute, rule or regulation; or (iii) to be in non-satisfactory compliance with the applicable privacy of customer information requirements contained in the FDIA and regulations, including, without limitation, in Title V of the Gramm-Leach-Bliley Act of 1999 and its implementing regulations, as well as the provisions of the information security program adopted by Company Bank pursuant to the FDIA. The board of directors of Company Bank has adopted and Company Bank has implemented an anti-money laundering program that is adequate and appropriate customer identification verification procedures that has not been deemed inadequate by the FDIC and that meets the requirements of Sections 352 and 326 of the USA PATRIOT Act.

Section 3.30 Transactions with Affiliates. Except as set forth in Company Disclosure Schedule 3.30, the Company does not have any payable to or receivable from, or advances by Company or any of its Subsidiaries to, and neither Company nor any of its Subsidiaries is otherwise a creditor or debtor to, any director,

Table of Contents

Section 3.33 Insurance.

(a) Company Disclosure Schedule 3.33 identifies all of the material insurance policies, binders, or bonds of Company and its Subsidiaries, other than credit-life policies (the "Insurance Policies"), including the insurer, policy number, effective and termination dates and any pending claims thereunder involving more than \$25,000. Company is insured with reputable insurers against such risks and in such amounts as the management of Company deems prudent in accordance with industry practices. All the Insurance Policies are in full force and effect, and no Subsidiary is in material default thereunder and all claims thereunder have been filed in due and timely manner.

(b) Company Disclosure Schedule 3.33 sets forth a true, correct and complete description of all bank-owned life insurance policies owned by Company or its Subsidiaries, including the value of BOLI as of the end of the month prior to the date of the Agreement and has been fairly and accurately reflected in the Company Balance Sheet in accordance with GAAP.

Section 3.34 Antitakeover Provisions. No control share acquisition, business combination moratorium or antitakeover statute or regulation is applicable to this Agreement and the transactions contemplated hereunder.

Section 3.35 Fairness Opinion. The board of directors of Company has received the written opinion of an independent financial advisor in effect that as of the date hereof the Merger Consideration is fair to the holders of Company Common Stock.

Section 3.36 Proxy Statement-Prospectus. As of the date of the Proxy Statement-Prospectus and the date of such Proxy Statement-Prospectus relates, none of the information supplied or to be supplied by Company in the Proxy Statement-Prospectus will contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and any amendments made as of a later date shall be deemed to modify information as of an earlier date.

Section 3.37 Transaction Costs. Company Disclosure Schedule 3.37 sets forth attorneys' fees, investment advisor fees and other costs or fees that Company and its Subsidiaries have accrued through March 31, 2012, and to the extent not so stated, a reasonable good faith estimate of such costs and fees that Company and its retained representatives in connection with the transactions contemplated by this Agreement.

Section 3.38 Shareholder Rights Agreement. The board of directors of Company has taken action, which is effective as of the date hereof, to acknowledge and authorize the expiration of the Shareholder Rights Agreement between Company and Registrar and Transfer Company, as Right Agent, as amended and restated on October 24, 2011, in accordance with the terms of the Rights Agreement.

Section 3.39 Disclosure. The representations and warranties contained in this Article III, when considered in light of the circumstances under which they were made, do not constitute an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements in this Article III not misleading.

Table of Contents

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF BUYER

Section 4.01 Making of Representations and Warranties.

(a) On or prior to the date hereof, Buyer has delivered to Company a schedule (the "Buyer Disclosure Schedule") listing the things, items the disclosure of which is necessary or appropriate either in response to an express disclosure provision hereof or as an exception to one or more representations or warranties contained in this Article IV and the covenants contained in Article V; provided, however, that the mere inclusion of an item in the Buyer Disclosure Schedule as a representation or warranty shall not be deemed an admission by a party that such item represents a material fact or circumstance or that, absent such inclusion in the Buyer Disclosure Schedule, such item is or would be deemed to have a Material Adverse Effect with respect to Buyer.

(b) Except as set forth in the Buyer Disclosure Schedule, Buyer and Buyer Bank hereby represent and warrant to Company that the statements contained in this Article IV are correct as of the date of this Agreement and as of the Closing Date (as though made then and as though the Closing Date were substituted for the date of this Agreement) except as to any representation or warranty which specifically relates to an earlier date, which only need be correct as of that date. No representation or warranty of Buyer contained in this Article IV shall be deemed untrue or incorrect if Buyer has breached a representation or warranty, as a consequence of the existence of any fact, circumstance or event, individually or taken together with all other facts, circumstances or events incorporated in this Article IV, has had or would reasonably be expected to have a Material Adverse Effect with respect to Buyer. Notwithstanding of this Section 4.01(b) any materiality or Material Adverse Effect qualification contained in any representation or warranty, however, that the foregoing standard shall not apply to the representations and warranties contained in this Article IV which shall be deemed untrue, incorrect and breached if they are not true and correct in all material respects.

Section 4.02 Organization, Standing and Authority. Buyer is a Massachusetts corporation duly organized and existing under the laws of The Commonwealth of Massachusetts, and is duly registered as a bank holding company under the Holding Company Act of 1956, as amended. Buyer has full corporate power and authority to carry on its business and is duly licensed or qualified to do business in the Commonwealth of Massachusetts and foreign jurisdictions. The acquisition of property or the conduct of its business requires such qualification. Buyer Bank is a Massachusetts-chartered bank, duly organized, validly existing and in good standing under the laws of The Commonwealth of Massachusetts and insured by the FDIC in the manner and to the full extent provided by applicable law, and all premiums and assessments in connection therewith have been paid by Buyer Bank when due. Buyer Bank is a member in good standing of the Federal Reserve Bank of New York.

Section 4.03 Capital Stock. The authorized capital stock of Buyer consists solely of (a) 1,000,000 shares of Buyer Common Stock, per share, of which no shares are outstanding and (b) 75,000,000 shares of Buyer Common Stock, of which 74,999,999 shares are outstanding as of the date hereof, and (ii) no shares are held by Buyer Subsidiaries, and (iii) 938,291 shares of Buyer Common Stock pursuant to outstanding options granted under the Buyer Benefit Plans. The outstanding shares of Buyer Common Stock are authorized and validly issued and are fully paid and non-assessable. There are no options, warrants or convertible securities, exchangeable securities, phantom stock rights, stock appreciation rights, stock based performance awards, or other commitments or understandings to which Buyer is a party, whether or not in writing, of any character or kind (including capital stock or other securities of Buyer or any of Buyer's Subsidiaries or obligating Buyer or any of its Subsidiaries upon conversion, exchange or otherwise) or sell any share of capital stock of, or other equity interests in, Buyer or any of its Subsidiaries.

Table of Contents

securities of, Buyer or any of Buyer's Subsidiaries, except for (i) shares of Buyer Common Stock issued pursuant to the Plans and (ii) by virtue of this Agreement. The shares of Buyer Common Stock to be issued pursuant to this Agreement, will be duly authorized, validly issued, fully paid and not subject to preemptive rights.

Section 4.04 Corporate Power; Minute Books.

(a) Buyer and Buyer Bank have the corporate power and authority to carry on their business as it is now conducted on their properties and assets; and Buyer and Buyer Bank has the corporate power and authority to execute and consummate under this Agreement and to consummate the transactions contemplated hereby, subject to receipt of any necessary approvals from Governmental Authorities.

(b) The minute books of Buyer and Buyer Bank contain true, complete and accurate records of all corporate actions of the shareholders of Buyer and the board of directors of Buyer (including committees of the Buyer's board of directors).

Section 4.05 Corporate Authority. This Agreement and the transactions contemplated hereby have been approved by the corporate action of Buyer and Buyer Bank on or prior to the date hereof. No vote of the shareholders of Buyer or the Articles of Organization of Buyer, the Bylaws of Buyer or otherwise to approve this Agreement and the transactions contemplated hereby. Buyer and Buyer Bank has duly executed and delivered this Agreement and, assuming due authorization by Buyer, Company and Company Bank, this Agreement is a valid and legally binding obligation of Buyer and Buyer Bank in accordance with its terms (except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent transfer and similar laws of general applicability relating to or affecting creditors' rights or other laws).

Section 4.06 SEC Documents; Other Reports; Internal Controls.

(a) Buyer has filed all required reports, forms, schedules, registration statements and other documents with the SEC since 2008 (the "Buyer Reports") and has paid all fees and assessments due and payable in connection therewith. All Buyer Reports filed with the SEC (or, if amended or superseded by a subsequent filing prior to the date hereof, as of the date of such amendment, contained in the Buyer Reports) complied as to form in all material respects with the requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC thereunder applicable to such Buyer Reports, and no material fact required to be stated therein or necessary to make the statements therein true and not misleading, or omitted to state a material fact required to be stated therein or necessary to make the statements therein true and not misleading, under which they were made, not misleading. There are no outstanding comments from or unresolved issues under applicable, with respect to any of the Buyer Reports. The Company has made available to Buyer true and accurate copies of all written correspondence between the SEC and the Company and any of its Subsidiaries occurring since the date of this Agreement. None of Buyer's Subsidiaries is required to file periodic reports with the SEC under the Securities Exchange Act.

(b) Buyer and each of its Subsidiaries have timely filed all reports, schedules, forms, registrations, and other documents with any amendments required to be made with respect thereto, that they were required to file since December 31, 2007 with any Governmental Authority (other than Buyer Reports) and have paid all fees and assessments due and payable in connection therewith. Except for as set forth in the Buyer Disclosure Schedule 4.06(b) and except for normal examinations conducted by a Governmental Authority in the regular course of the business of Buyer and its Subsidiaries, no Governmental Authority has initiated any proceeding or, to the knowledge of Buyer, threatened an investigation into the business of Buyer or any of its Subsidiaries since December 31, 2007 which would reasonably be expected to have, individually or in the aggregate, a material adverse effect on Buyer. There is no material unresolved issue.

Table of Contents

violation or exception by any Governmental Authority with respect to any report, form, schedule, registration statement, or other document filed by, or relating to any examinations by any such Governmental Authority of, Buyer or any of its Subsidiaries, which is reasonably likely to be expected to have, individually or in the aggregate, a Material Adverse Effect on Buyer.

(c) Buyer has disclosed, based on its most recent evaluation prior to the date hereof, to Buyer's audit committee, the board of directors and in the Buyer Disclosure Schedule 4.06(c) (i) any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect its ability to record, process, summarize and report financial information and (ii) any fraud, whether or not material, that involves or could involve other employees who have a significant role in Buyer's internal controls over financial reporting.

(d) The records, systems, controls, data and information of Buyer and its Subsidiaries are recorded, stored and transmitted by electronic means (including any electronic, mechanical or photographic process, whether computerized or not) that are under the direct and indirect control of Buyer or its Subsidiaries or accountants (including all means of access thereto and control thereof) and are not subject to non-exclusive ownership and non-direct control that would not reasonably be expected to have a material adverse effect on the reliability of internal accounting controls described in the following sentence. Buyer and its Subsidiaries have devised and implemented internal accounting controls sufficient to provide reasonable assurances regarding the reliability of financial reporting and the accuracy of financial statements in accordance with GAAP.

(e) Buyer has designed, implemented and maintained disclosure controls and procedures (within the meaning of Rules 15d-15(e) of the Exchange Act) to ensure that material information relating to Buyer and its Subsidiaries is promptly communicated to Buyer by others within those entities as appropriate to allow timely decisions regarding required disclosures and to ensure that information required by the Exchange Act with respect to the Buyer Reports.

(f) Since December 31, 2008, (x) neither Buyer nor any of its Subsidiaries nor, to the knowledge of Buyer or its auditor, accountant or representative of Buyer or any of its Subsidiaries has received or otherwise had any information that would constitute a material complaint, allegation, assertion or claim, whether written or oral, regarding the accounting or auditing methodologies or methods of Buyer or any of its Subsidiaries or their respective internal accounting controls, or (y) no attorney representing Buyer or any of its Subsidiaries, whether or not employed by Buyer or its Subsidiaries, has provided any evidence of a material violation of securities laws, breach of fiduciary duty or similar violation by Buyer or its Subsidiaries, its employees or agents to the board of directors of Buyer or any committee thereof or to any director or officer of Buyer.

Section 4.07 Financial Statements: Undisclosed Liabilities.

(a) The financial statements of Buyer (including any related notes and schedules thereto) included in the Buyer Reports, as of their respective dates of filing with the SEC (or, if amended or superseded by a subsequent filing, as of the date of such subsequent filing), in all material respects, with all applicable accounting requirements and regulations of the SEC with respect thereto (except, in the case of unaudited statements, as permitted by the SEC), were prepared in accordance with GAAP applied on a consistent basis during the periods involved (except as otherwise disclosed) and fairly present, in all material respects, the consolidated financial position of Buyer and its Subsidiaries as of the dates and for the periods involved, the operations, changes in stockholders' equity and cash flows of such companies as of the dates and for the periods involved. The records of Buyer and its Subsidiaries have been, and are being, maintained in all material respects in accordance with applicable legal and accounting requirements and reflect only actual transactions.

Table of Contents

(b) Except for (i) those liabilities that are fully reflected or reserved for in the consolidated financial statements of Buyer in its Annual Report filed on Form 10-K for the fiscal year ended December 31, 2011, as filed with the SEC on December 31, 2011 in the ordinary course of business consistent with past practice, neither Buyer nor any of its Subsidiaries has any liability of any nature whatsoever (whether absolute, accrued or contingent or otherwise and whether or not there is no existing condition, situation or set of circumstances that could reasonably be expected to result in a Material Adverse Effect on Buyer when combined with all other liabilities of a type not described in clause (i) or (ii), has had, or would be expected to have, a Material Adverse Effect on Buyer.

Section 4.08 Regulatory Approvals: No Defaults.

(a) No consents or approvals of, or waivers by, or filings or registrations with, any Governmental Authority required to be made or obtained by Buyer or any of its Subsidiaries or affiliates in connection with the consummation of the transactions contemplated by this Agreement, or to consummate the transactions contemplated by this Agreement, except as otherwise provided in notices with, and consents, approvals or waivers by, the FRB, the FDIC, the Massachusetts Board of Elementary and Secondary Education, the Massachusetts Housing Partnership Fund, the Massachusetts Commissioner of Banks; (ii) the filing and effectiveness of the Buyer Common Stock with the SEC; (iii) the approval of the listing on Nasdaq of the Buyer Common Stock to be issued in the Merger with the Secretary of State of the Commonwealth of Massachusetts. As of the date hereof, Buyer represents that the approvals set forth above will not be received in a timely manner and will not include a Burdensome Event as defined in Section 5.06.

(b) Subject to receipt, or the making, of the consents, approvals, waivers and filings referred to in the preceding paragraph, the expiration of the related waiting periods, the execution, delivery and performance of this Agreement by Buyer and the consummation of the transactions contemplated hereby do not and will not (i) constitute a breach or violation of, or a default under, any similar governing documents of Buyer or any of its Subsidiaries or affiliates, (ii) violate any statute, regulation, order, writ, decree or injunction applicable to Buyer or any of its Subsidiaries, or any of the terms, conditions or provisions of any note, bond, mortgage, license, lease, contract, agreement or other instrument or obligation to which Buyer or any of its Subsidiaries are a party, (iii) violate, conflict with, result in a breach of any provision of or the loss of any benefit under, constitute a default, notice or lapse of time, or both, would constitute a default) under, result in the termination of or a right to terminate, or accelerate the performance required by, or result in the creation of any Lien upon any of the respective properties or assets of Buyer or any of its Subsidiaries or affiliates under, any of the terms, conditions or provisions of any note, bond, mortgage, license, lease, contract, agreement or other instrument or obligation to which Buyer or any of its Subsidiaries are a party, which they or any of their respective properties or assets may be bound or affected.

Section 4.09 Agreements with Regulatory Agencies. Except as would not reasonably be expected to have a Material Adverse Effect on Buyer, neither Buyer nor any of its Subsidiaries is subject to any cease-and-desist order or a party to any written agreement, consent agreement or memorandum of understanding with, or is a party to, or is a recipient of any extraordinary supervisory letter from, or is subject to any board resolutions at the request of (each, whether or not set forth in the Buyer Disclosure Schedule), or is subject to any Governmental Authority that restricts the conduct of its business or that in any manner relates to its management policies, its dividend policy, its management, its business or its operations, nor has Buyer been advised by any Governmental Authority that it is considering issuing or requesting (or is considering to issue or request) any Buyer Regulatory Agreement. To the Knowledge of Buyer, there are no investigations or proceedings pending before any Governmental Authority with respect to Buyer or any of its Subsidiaries.

Table of Contents

Section 4.10 Absence of Certain Changes or Events. Except as reflected in Buyer's audited balance sheet and Buyer Reports, since December 31, 2011, there has been no change or development or combination of circumstances, individually or in the aggregate, that has had or is reasonably likely to have a Material Adverse Effect with respect to Buyer and to the Knowledge of Buyer, no fact or condition exists which is reasonably likely to cause a Material Adverse Effect with respect to Buyer in the future.

Section 4.11 Compliance with Laws.

(a) Buyer and each of its Subsidiaries is and since December 31, 2008 has been in compliance with all applicable laws, foreign statutes, laws, regulations, ordinances, rules, judgments, orders or decrees applicable thereto or to the conduct of its businesses, including, without limitation, any applicable Law, including without limitation, all Laws relating to the USA PATRIOT Act, the Bank Secrecy Act, the Equal Credit Opportunity Act, the Fair Housing Act, the Fair Credit Reporting Act, the Truth in Lending Act and any other Law relating to discriminatory practices, Sections 23A and 23B of the Federal Reserve Act, the Sarbanes-Oxley Act and the Dodd-Frank Act;

(b) Buyer and each of its Subsidiaries has all permits, licenses, authorizations, orders and approvals of all Governmental Authorities, all applications and registrations with, all Governmental Authorities that are required in order to permit it to conduct their business as presently conducted; all such permits, licenses, certificates of authority, orders and approvals in effect and, to Buyer's Knowledge, no suspension or cancellation of any of them is threatened; and

(c) Other than as set forth in Buyer Disclosure Schedule 4.11, neither Buyer nor any of its Subsidiaries has received, since 2008, notification or communication from any Governmental Authority (i) asserting that it is not in compliance with any regulations or ordinances which such Governmental Authority enforces or (ii) threatening to revoke any governmental authorization (nor, to Buyer's Knowledge, do any grounds for any of the foregoing exist).

Section 4.12 Proxy Statement-Prospectus Information; Registration Statement. As of the date of the Proxy Statement-Prospectus and the date of the Company Meeting to which such Proxy Statement-Prospectus relates, none of the information contained in the Proxy Statement-Prospectus and the Registration Statement prepared by Buyer for inclusion or incorporation by reference in the Proxy Statement-Prospectus and the Registration Statement prepared pursuant to will contain any untrue statement of a material fact or omission of a material fact which, in light of the circumstances under which they were made, not misleading information as of a later date shall be deemed to modify information as of an earlier date.

Section 4.13 Legal Proceedings.

(a) Other than as set forth in Buyer Disclosure Schedule 4.13, there are no civil, criminal, administrative, regulatory, or other proceedings, suits, demand letters, claims, hearings, notices of violation, arbitrations, investigations, inquiries, subpoenas, subpoenas duces tecum, conduct examinations, notices of non-compliance or other proceedings of any nature pending or, to Buyer's Knowledge, threatened against Buyer or any of its Subsidiaries.

(b) Neither Buyer nor any of its Subsidiaries is a party to any, nor are there any pending or, to Buyer's Knowledge, threatened civil, criminal, administrative or regulatory actions, suits, demand letters, claims, hearings, notices of violation, arbitrations, inquiries, subpoenas, subpoenas duces tecum, conduct examinations, notices of non-compliance or other proceedings of any nature pending or, to Buyer's Knowledge, threatened against Buyer or any of its Subsidiaries in which, to Buyer's Knowledge, there is a reasonable probability of any material recovery or settlement of any nature or which has a Material Adverse Effect with respect to Buyer or which challenges the validity or propriety of the transactions contemplated by this Prospectus.

Table of Contents

(c) There is no injunction, order, judgment or decree imposed upon Buyer or any of its Subsidiaries, or Subsidiaries, and neither Buyer nor any of its Subsidiaries has been advised of, or is aware of, the three

Section 4.14 Brokers. None of Buyer, Buyer Bank or any of their officers or trustees has employed any liability for any broker's fees, commissions or finder's fees in connection with any of the transactions, except that Buyer has engaged, and will pay a fee or commission to, Sandler O'Neill & Partners, L.P. agreement between Sandler O'Neill & Partners, L.P. and Buyer.

Section 4.15 Employee Benefit Plans.

(a) All benefit and compensation plans, contracts, policies or arrangements covering current or former Subsidiaries and current or former directors of Buyer or any of its Subsidiaries including, but not limited to the meaning of Section 3(3) of ERISA, and deferred compensation, stock option, stock purchase, stock incentive and bonus plans (the Buyer Benefit Plans), including, but not limited to, any trust instrument part of any Buyer Benefit Plans and all amendments thereto, have been made available to Company.

(b) All Buyer Benefit Plans are in substantial compliance in form and operation with all applicable Law ERISA and the Code.

Section 4.16 Labor Matters. Neither Buyer nor any of its Subsidiaries is a party to or bound by any contract or other agreement or understanding with a labor union or labor organization, nor is there any Knowledge threatened, asserting that Buyer or any of its Subsidiaries has committed an unfair labor practice National Labor Relations Act, as amended) or seeking to compel Buyer or any of its Subsidiaries to bargain to wages or conditions of employment, nor is there any strike or other labor dispute involving it pending threatened, nor is Buyer aware of any activity involving its employees seeking to certify a collective bargaining organizational activity.

Section 4.17 Tax Matters.

(a) Buyer and each of its Subsidiaries has filed all Tax Returns that it was required to file under applicable Tax Returns that are not yet due or for which a request for extension was filed consistent with requirements. All such Tax Returns were correct and complete in all material respects and have been prepared in substantial compliance with applicable laws and regulations. All Taxes due and owing by Buyer or any of its Subsidiaries (whether they have been paid other than Taxes that have been reserved or accrued on the balance sheet of Buyer and in good faith. Buyer is not the beneficiary of any extension of time within which to file any Tax Return, and neither Subsidiaries currently has any open tax years. No claim has ever been made by an authority in a jurisdiction Returns that it is or may be subject to taxation by that jurisdiction. There are no Liens for Taxes (other than upon any of the assets of Buyer or any of its Subsidiaries.

(b) Buyer has withheld and paid all Taxes required to have been withheld and paid in connection with employee, independent contractor, creditor, shareholder, or other third party.

(c) Except as set forth on Buyer Disclosure Schedule 4.17(c), no foreign, federal, state, or local tax audit proceedings are being conducted or to the Knowledge of Buyer are pending with respect to Buyer. Buyer has not received any federal, state, or local taxing authority (including jurisdictions where Buyer has not filed Tax Returns) request for information, open an audit or other review, (ii) request for information related to Tax matters, or (iii) notice of deficiency amount of Tax proposed, asserted, or assessed by any taxing authority against Buyer.

Table of Contents

Section 4.21 Administration of Trust and Fiduciary Accounts. Buyer has properly administered all accounts for which it serves as trustee, agent, custodian, person or agent, including but not limited to accounts for which it serves as a trustee, agent, custodian, person, conservator or investment advisor, in accordance with the terms of the governing documents and applicable regulation and common law, and Buyer has not received any unresolved customer demands, complaints (written or oral) asserting facts or circumstances that would, if true, constitute a breach of trust with respect to any account.

Section 4.22 Environmental Matters.

(a) Other than as set forth in Buyer Disclosure Schedule 4.22, to Buyer's Knowledge, no real property (including structures) currently or formerly owned or operated by Buyer or any of its Subsidiaries has been contaminated with, or contains, any Hazardous Substance in a manner that violates Environmental Law.

(b) Except as disclosed on Buyer Disclosure Schedule 4.22, to Buyer's Knowledge, Buyer and each of its Subsidiaries is in compliance with all applicable Environmental Law.

(c) Neither Buyer nor any of its Subsidiaries has received (i) any written notice, demand letter, or claim under, any Environmental Law or (ii) to Buyer's Knowledge, any written request for information reasonably requested or other inquiry by any Government Authority concerning a possible violation of, or liability under, any Environmental Law.

(d) Except as disclosed on Buyer Disclosure Schedule 4.22, to Buyer's Knowledge, there are no circumstances known to Buyer or any of its Subsidiaries, or reasonably be expected pursuant to applicable Environmental Law to (i) result in any claim, liability or restriction on the ownership, use, or transfer of any property of Buyer or any of its Subsidiaries, or (ii) result in any restriction on the ownership, use, or transfer of any property of Buyer or any of its Subsidiaries.

Section 4.23 No Financing. Buyer has and will have as of the Effective Time, without having to resort to any financing, the funds necessary to effect the transactions contemplated by this Agreement.

Section 4.24 Disclosure. The representations and warranties contained in this Article IV, when considered in light of the entire Agreement, do not constitute an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements contained in this Article IV not misleading.

ARTICLE V

COVENANTS

Section 5.01 Covenants of Company. During the period from the date of this Agreement and continuing thereafter, Company will, expressly contemplated or permitted by this Agreement or with the prior written consent of Buyer, Company, in the ordinary course consistent with past practice and consistent with prudent banking practice and in compliance with all applicable laws and regulations. Company will use commercially reasonable efforts to (i) preserve for itself and Buyer the present services of the current officers and employees of Company, (ii) keep available to itself and Buyer the present services of the current officers and employees of Company, (iii) preserve for itself and Buyer the goodwill of the customers of Company and others with whom Company has business relationships, limiting the generality of the foregoing, and except as set forth in the Company Disclosure Schedule or otherwise expressly permitted by this Agreement or consented to in writing by Buyer, neither Company nor any of its Subsidiaries will, directly or indirectly, without the prior written consent of Buyer, Company, or any of its Subsidiaries, (i) issue, sell or otherwise permit to become outstanding, or

(a) Stock. Other than pursuant to stock options or stock-based awards outstanding as of the date hereof, Company will, without the prior written consent of Buyer, Company, or any of its Subsidiaries, (i) issue, sell or otherwise permit to become outstanding, or

Table of Contents

authorize the creation of, any additional shares of its stock, any Rights, or any securities (including units of any partnership or limited liability company), (ii) enter into any agreement with respect to the foregoing existing Rights, or (iv) change (or establish a record date for changing) the number of, or provide for the exchange of, any securities (including units of beneficial ownership interest in any partnership or limited liability company) exchangeable for any additional shares of stock, any Rights issued and outstanding prior to the Effective Date, stock dividend, recapitalization, reclassification, or similar transaction with respect to its outstanding securities.

(b) **Dividends; Other Distributions.** Declare, set aside or pay any dividends on or make other distributions in respect of any of its capital stock, except (x) dividends by Subsidiaries of Company to such Subsidiary Company and (y) the regular quarterly dividends on Company Common Stock in the amount of no more than the Common Stock.

(c) **Compensation; Employment Agreements, Etc.** Enter into or amend or renew any employment, contract, or agreements or arrangements with any director, officer or employee of Company or any of its Subsidiaries, or increase or increase any employee benefit or pay any incentive or bonus payments, except (i) normal increases for employees in the ordinary course of business consistent with past practice and pursuant to policies currently in effect, increases shall not result in an annual adjustment in total compensation of more than 4% for any individual employee of the Company other than as disclosed on Company Disclosure Schedule 5.01(c), (ii) as may be required by contractual obligations existing as of the date hereof and disclosed on Company Disclosure Schedule 5.01(c) in the ordinary course of business consistent with past practices and pursuant to policies currently in effect, but shall not exceed the aggregate amount set forth on Company Disclosure Schedule 5.01(c) and shall not be payable if such payment would be an excess parachute payment as defined in Section 280G of the Code.

(d) **Hiring; Promotions.** (i) Hire any person as an employee of Company or any of its Subsidiaries, except that the rate of salary not to exceed \$50,000 to fill vacancies that may arise from time to time in the ordinary course of business, except to satisfy contractual obligations existing as of the date hereof and set forth on Company Disclosure Schedule 5.01(d) any.

(e) **Benefit Plans.** Enter into, establish, adopt, amend, modify or terminate (except (i) as may be required by applicable law, subject to the provision of prior written notice to and consultation with respect thereto) any benefit plan, contractual obligations existing as of the date hereof and set forth on Company Disclosure Schedule 5.01(e), other pension, retirement, stock option, stock purchase, savings, profit sharing, deferred compensation, or other employee benefit, incentive or welfare contract, plan or arrangement, or any trust agreement (including any agreement thereto, in respect of any current or former director, officer or employee of Company or any of its Subsidiaries).

(f) **Transactions with Affiliates.** Except pursuant to agreements or arrangements in effect on the date hereof, pay, loan or advance any amount to, or sell, transfer or lease any property (tangible or intangible) to, or enter into any agreement or arrangement with, any of its officers or directors, members or any affiliates or associates (as such terms are defined under the Exchange Act) of any of its Subsidiaries, compensation or business expense reimbursement in the ordinary course of business consistent with past practice.

(g) **Dispositions.** Sell, transfer, mortgage, pledge, encumber or otherwise dispose of or discontinue any real estate, properties, other real estate owned, or cancel or release any indebtedness owed to Company or any of its Subsidiaries.

Table of Contents

(h) Acquisitions. Acquire (other than by way of foreclosures or acquisitions of control in a bona fide satisfaction of debts previously contracted in good faith, in each case in the ordinary and usual course of business consistent with past practice in amounts not exceeding the portion of the assets, business, deposits or properties of any other entity).

(i) Capital Expenditures. Except as set forth on Company Disclosure Schedule 5.01(i), make any capital expenditures in the ordinary course of business consistent with past practice in amounts not exceeding the portion of the assets, business, deposits or properties of any other entity. Capital expenditure is consented to in writing by Buyer acting through its Chief Financial Officer or his designee(s) (which consent will not be unreasonably withheld or delayed).

(j) Governing Documents. Amend Company's Articles of Organization or Bylaws or any equivalent documents.

(k) Accounting Methods. Implement or adopt any change in its accounting principles, practices or methods in compliance with applicable laws or regulations or GAAP.

(l) Contracts. Except as set forth on Company Disclosure Schedule 5.01(l), enter into, amend, modify, terminate, or terminate or amend a Lease or Insurance Policy.

(m) Claims. Enter into any settlement or similar agreement with respect to any action, suit, proceeding, claim or demand against Company or any of its Subsidiaries in which Company or any of its Subsidiaries is or becomes a party after the date of this Agreement, which settlement or agreement is not approved in writing by Buyer acting through its Chief Financial Officer or his designee(s) (which consent will not be unreasonably withheld or delayed) if the amount of the settlement or agreement by Company or any of its Subsidiaries of an amount which exceeds \$25,000 individually or \$50,000 in the aggregate, or if the settlement or agreement imposes any material restriction on the business of Company or any of its Subsidiaries.

(n) Banking Operations. Enter into any new material line of business; change in any material respect its policies, procedures, risk and asset liability management and other banking and operating policies, except as required by applicable laws or regulations or imposed by any Governmental Authority; or file any application or make any contract or commitment with respect to any new location or branching or site relocation.

(o) Derivative Transactions. Enter into any Derivative Transaction.

(p) Indebtedness. Incur, modify, extend or renegotiate any indebtedness for borrowed money (other than government securities or federal funds purchased, in each case in the ordinary course of business consistent with recent past practice in amounts not exceeding the portion of the assets, business, deposits or properties of any other Person) or otherwise as an accommodation become responsible for the obligations of any other Person.

(q) Investment Securities. Acquire (other than (i) by way of foreclosures or acquisitions in a bona fide satisfaction of debts previously contracted in good faith), sell or otherwise dispose of any debt security or other investment security. Acquisition, sale or disposal is consented to in writing by Buyer acting through its Chief Financial Officer or his designee(s) (which consent will not be unreasonably withheld or delayed).

(r) Deposits. Make any changes to deposit pricing that are not consented to in writing by Buyer acting through its Chief Financial Officer or his designee(s) (which consent will not be unreasonably withheld or delayed).

(s) Loans.

(i) Except for commercial loans approved and/or committed as of the date hereof that are listed on Company Disclosure Schedule 5.01(s), make or renew any commercial loan, commercial loan commitment, commercial letter of credit or other financial instrument, unless any such

Table of Contents

transactions contemplated hereby (including any adjournment or postponement, the Company Meeting shall take all lawful action to solicit such approval by such shareholders. Company agrees to use commercially reasonable efforts to cause the Company Meeting within forty-five (45) days following the time when the Registration Statement becomes effective, to obtain the approval of Buyer, no other matters shall be submitted for the approval of Company shareholders at the Company Meeting. The directors of Company shall at all times prior to and during the Company Meeting recommend approval of the transactions to the shareholders of Company and shall not withhold, withdraw, amend or modify such recommendation in favor of any other action or make any other public statement inconsistent with such recommendation, except as may be required by Section 5.09 (a) Change in Recommendation. In the event that there is present at such meeting, in person or by proxy, a majority of the favorable voting power to secure the Requisite Company Shareholder Approval, Company will not adjourn the Company Meeting unless Company is advised by counsel that failure to do so would result in a breach of the U.S. legal duties of Company's board of directors. Company shall keep Buyer updated with respect to the proxy solicitation process for the Company Meeting as reasonably required by Buyer.

Section 5.05 Registration Statement; Proxy Statement-Prospectus; Nasdaq Listing; Deposit of Cash Consideration

(a) Buyer and Company agree to cooperate in the preparation of the Registration Statement to be filed with the SEC and the issuance of the Buyer Common Stock in the Merger (including the Proxy Statement-Prospectus). Buyer and Company agree to use commercially reasonable efforts to cause the Registration Statement to be filed with the SEC as promptly as reasonably practicable after the filing thereof. Buyer also agrees to use commercially reasonable efforts to cause the necessary state securities law or blue sky permits and approvals required to carry out the transaction to be obtained. Company agrees to cooperate with Buyer and Buyer's counsel and accountants in requesting and obtaining such permits and letters from the financial advisor and Company's independent auditors in connection with the Registration Statement-Prospectus. After the Registration Statement is declared effective under the Securities Act, Company shall promptly mail or cause to be mailed the Proxy Statement-Prospectus to its shareholders.

(b) Buyer will advise Company, promptly after Buyer receives notice thereof, of the time when the Registration Statement becomes effective or any supplement or amendment has been filed, of the issuance of any stop order or the suspension of the offering of Buyer Common Stock for offering or sale in any jurisdiction, of the initiation or threat of any proceeding for the suspension of the offering by the SEC for the amendment or supplement of the Registration Statement or for additional information.

(c) The Proxy Statement-Prospectus and the Registration Statement shall comply as to form in all material respects with the provisions of the Securities Act and the Exchange Act and the rules and regulations thereunder. Each party shall promptly upon the receipt of any comments (whether written or oral) from the SEC or its staff and of any other government officials for amendments or supplements to the Registration Statement, the Proxy Statement-Prospectus, or for filing or for additional information and will supply the other party with copies of all correspondence between the representatives, on the one hand, and the SEC, or its staff or any other government officials, on the other hand, in connection with the Registration Statement, the Proxy Statement-Prospectus, the Merger or any other filing. If at any time after the filing of the Registration Statement, the Proxy Statement-Prospectus, or the Merger, there shall occur any event that should be disclosed in an amendment or supplement to the Proxy Statement-Prospectus, Company and Buyer shall use their commercially reasonable efforts to promptly prepare, file (in accordance with applicable Law) and mail to Company shareholders such amendment or supplement.

(d) Buyer will provide Company and its counsel with a reasonable opportunity to review and comment on the Registration Statement and responses to requests for additional information by and replies to comments of the SEC prior to filing the Registration Statement with the SEC, and will provide Company and its counsel with

Table of Contents

a copy of all such filings made with the SEC. Buyer will provide Company and its counsel with a reasonable comment on the Proxy Statement-Prospectus and all responses to requests for additional information before prior to filing such with, or sending such to, the SEC, and will provide Company and its counsel with a comment to the SEC.

(e) Buyer agrees to use commercially reasonable efforts to list, prior to the Effective Date, on Nasdaq and to have a prospectus be issued in connection with the Merger.

(f) Buyer shall deposit with the Exchange Agent the aggregate amount of the Cash Consideration prior to the Effective Date.

Section 5.06 Regulatory Filings; Consents.

(a) Each of Buyer and Company and their respective Subsidiaries shall cooperate and use their respective best efforts (i) to prepare all documentation (including the Proxy Statement-Prospectus), to effect all filings, to obtain all necessary consents and authorizations of all third parties and Governmental Authorities necessary to consummate the transactions contemplated by this Agreement, including, without limitation, the Regulatory Approvals and all other consents and approvals required to consummate the Merger in the manner contemplated herein, (ii) to comply with the terms and conditions of all such consents, approvals and authorizations and (iii) to cause the transactions contemplated by this Agreement to be consummated as expeditiously as practicable (including by avoiding or setting aside any preliminary or permanent injunction or order of a United States federal or state court of competent jurisdiction or any other Governmental Authority); provided, that Buyer shall not be required to agree to any prohibition, limitation, or other requirement which would prohibit or restrict the operation by Company or any of its Subsidiaries, or by Buyer or any of its Subsidiaries, of all or any material portion of the business or assets of Company or any of its Subsidiaries or Buyer or its Subsidiaries, or compel Buyer or any of its Subsidiaries to incur any material portion of the business or assets of Company or any of its Subsidiaries or Buyer or any of its Subsidiaries.

(b) Burdensome Conditions. Buyer and Company will furnish each other and each other's counsel with all information requested by their Subsidiaries, directors, trustees, officers and shareholders and such other matters as may be necessary to prepare the Proxy Statement-Prospectus and any application, petition or any other statement or application made to any Governmental Authority in connection with the transactions contemplated by this Agreement. Buyer and Company shall have the right to review and approve in advance all characterizations of the information relating to such matters that may appear in any filing made in connection with the transactions contemplated by this Agreement with any Governmental Authority. In addition, Buyer and Company shall each furnish to the other for review a copy of each such filing made with any Governmental Authority contemplated by this Agreement with any Governmental Authority prior to its filing.

(b) Company will notify Buyer promptly and shall promptly furnish Buyer with copies of notices or other communications received by Company or any of its Subsidiaries of (i) any communication from any Person alleging that the consummation of the transactions is or may be required in connection with the transactions contemplated by this Agreement (and the consummation of the transactions by the Subsidiaries or its representatives), (ii) subject to applicable Laws and the instructions of any Governmental Authority, from any Governmental Authority in connection with the transactions contemplated by this Agreement (and the consummation of the transactions by the Subsidiaries or its representatives) and (iii) any legal actions threatened or commenced against Company or any of its Subsidiaries that are related to the transactions contemplated by this Agreement (and the consummation of the transactions by the Subsidiaries or its representatives). With respect to any of the foregoing, Company will cooperate with Buyer and their respective representatives so as to permit Company and Buyer and their respective representatives to cooperate to avoid, prevent, or mitigate any adverse consequences that may result from any of the foregoing.

(c) Buyer will notify Company promptly and shall promptly furnish Company with copies of notices or other communications received by Buyer or any of its Subsidiaries of (i) any communication from any Person

Table of Contents

alleging that the consent of such Person (or other Person) is or may be required in connection with the Agreement (and the response thereto from Buyer or its representatives), (ii) subject to applicable Laws and Governmental Authority, any communication from any Governmental Authority in connection with the Agreement (and the response thereto from Buyer or its representatives), and (iii) any legal actions threatened or otherwise affecting Company or any of its Subsidiaries that are related to the transactions contemplated by this Agreement (and the response thereto from Company, its Subsidiaries or its representatives).

Section 5.07 Publicity. Buyer and Company shall consult with each other before issuing any press release or other public statement in connection with the transactions contemplated hereby and shall not issue any such press release or make any such public statement without the prior written consent of the other party, which shall not be unreasonably delayed or withheld; provided, however, that a party may issue such public statements as may upon the advice of outside counsel be required by law. Without limiting the reach of this Section, Company shall (i) cooperate to develop all public announcement materials; and (ii) make appropriate arrangements to coordinate with Buyer regarding all communications with customers, suppliers, employees, shareholders and other persons generally related to the transactions contemplated by this Agreement as reasonably requested by the other. In addition, Company shall coordinate with Buyer regarding all communications with customers, suppliers, employees, shareholders and other persons generally related to the transactions contemplated hereby.

Section 5.08 Access; Information.

(a) Company and Buyer agree that upon reasonable notice and subject to applicable laws relating to the protection of confidential information, Company shall afford the other party and its officers, employees, counsel, accountants and other authorized representatives access to and review of, during normal business hours throughout the period prior to the Effective Time to its books, records (including, without limitation, e-mails, electronic files, papers of independent auditors), properties and personnel and to such other information relating to it as the other party may reasonably request and, during such period, shall furnish promptly to the other party all information concerning its business operations and financial information where such access or disclosure would violate or prejudice the rights of its customers, vendors, suppliers or other persons, or where the entity in possession or control of such information or contravene any law, rule, regulation, order, judgment or other binding agreement entered into prior to the date of this Agreement. The parties will make appropriate arrangements under circumstances in which the restrictions of the preceding sentence apply.

(b) No investigation by a party hereto or its representatives shall be deemed to modify or waive any restriction or limitation on the agreement of the other party set forth in this Agreement, or the conditions to the respective obligations of the parties to consummate the transactions contemplated hereby.

Section 5.09 No Solicitation by Company.

(a) The Company and its Subsidiaries shall immediately cease, and Company and its Subsidiaries shall cause each of their respective representatives to immediately cease, any discussions or negotiations with any Person on or after the date hereof with respect to an Acquisition Proposal. Except as permitted by this Section 5.09, after the date hereof, Company and its directors, executive officers and Subsidiaries shall not, and Company shall cause each of its and its Subsidiaries' representatives not to, directly or indirectly, (i) solicit, induce, attempt to induce, or cause any Person to, with respect to, or the making of, any proposal that constitutes or could reasonably be expected to lead to an Acquisition Proposal, or (ii) in any negotiations regarding an Acquisition Proposal with, or furnish any nonpublic information relating to, any Person that has made or, to the Knowledge of Company, is considering making an Acquisition Proposal, or (iii) in any negotiations regarding an Acquisition Proposal with any Person that has made, or, to Company's Knowledge, is considering making an Acquisition Proposal, except to notify such Person of the existence of the provisions of this Section 5.09.

Table of Contents

(b) Notwithstanding Section 5.09(a), if, prior to the time Requisite Company Shareholder Approval is and unsolicited Acquisition Proposal that the board of directors of Company determines in good faith (with the advice of its financial advisors and outside counsel) constitutes or could reasonably be expected to lead to a Superior Proposal, the Company shall not take any such action: (1) furnish nonpublic information with respect to the Company and its Subsidiaries to the Person making such Acquisition Proposal, but only if (A) prior to so furnishing such information, Company has entered into a customary confidentiality agreement with such Person on terms no less favorable to Company than that certain letter agreement, dated as of March 1, 2007, between Company and Buyer, and (B) all such information has previously been provided to Buyer or is provided to Buyer by the time it is provided to the Person making such Superior Proposal or such Person's representatives, (2) engage in discussions or negotiations with such Person with respect to the Superior Proposal. Company promptly shall advise Buyer orally and in writing of the receipt of (i) any proposal that constitutes or could reasonably be expected to lead to an Acquisition Proposal and the material terms of such proposal (including the identity of the party making such proposal and copies of any documents or correspondence evidencing such proposal), and (ii) any request for information with respect to its Subsidiaries other than requests for information not reasonably expected to be related to an Acquisition Proposal. Company shall thereafter, keep Buyer reasonably informed on a reasonably current basis of the status of any such Acquisition Proposal, and promptly advise Buyer of any material change to the terms thereof.

(c) Except as provided in Section 5.09(d), the board of directors of Company shall not (i) withhold, fail to make, or propose to withhold, withdraw or modify), in a manner adverse to Buyer, its recommendation referred to in Section 5.09(a) or (b), (ii) recommend (or publicly propose to approve or recommend) any Acquisition Proposal. Except as provided in Section 5.09(d), Company shall not, and its board of directors shall not allow Company to, and Company shall not allow any of its Subsidiaries to, enter into any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement, or other agreement (except for customary confidentiality agreements permitted under Section 5.09(b)) relating to any Superior Proposal.

(d) Notwithstanding anything to the contrary set forth in this Agreement, the board of directors of Company shall not, prior to Requisite Company Shareholder Approval is obtained, in response to a Superior Proposal which did not constitute a Superior Proposal under Section 5.09(a) or (b), (i) make a Change in Recommendation and/or (ii) terminate this Agreement pursuant to Section 5.09(d) concurrently with such termination cause the Company to enter into an acquisition agreement with respect to the Company. In the case of clauses (i) or (ii), if the board of directors of Company has determined in good faith, after consulting with its financial advisors, that the failure to take such action would be inconsistent with the directors' fiduciary duties under applicable law, the board of directors may not take any such action in connection with an Acquisition Proposal unless (1) the board of directors determines that the Acquisition Proposal constitutes a Superior Proposal, (2) prior to terminating this Agreement pursuant to Section 5.09(d) or (ii), Company provides prior written notice to Buyer at least four Business Days in advance (the "Notice Period") of such termination, and such notice shall specify all material terms and conditions of such Superior Proposal (including the identity of the Person making such Proposal and copies of any documents or correspondence evidencing such Superior Proposal), and any other material terms and conditions of such Proposal, and (3) during the Notice Period Company shall, and shall cause its financial advisors and outside counsel to, in good faith should Buyer propose to make such adjustments in the terms and conditions of this Agreement, and such adjustments shall cease to constitute (in the good faith judgment of Company's board of directors) a Superior Proposal, and such adjustments shall continue to constitute (in the good faith judgment of Company's board of directors) a Superior Proposal, and such adjustments shall be amendments that Buyer shall have agreed to make prior to the end of the Notice Period.

(e) Nothing contained in this Section 5.09 shall prohibit Company from (i) complying with its disclosure obligations under applicable state law with regard to an Acquisition Proposal, including Rule 14a-9, 14d-9 or 14e-2 promulgated under the Securities Exchange Act of 1934, or (ii) disclosing such information to Company's financial advisors and outside counsel.

Table of Contents

shareholders if, after consultation with its outside legal counsel, Company determines that such disclosure is required by applicable Law; provided, however, that any such disclosure relating to an Acquisition Proposal shall not constitute a Recommendation unless it is limited to a stop, look and listen communication or the Company's board of directors' recommendation referred to in Section 5.04(a) in such disclosure and does not recommend that Company or (ii) informing any Person of the existence of the provisions contained in this Section 5.09.

Section 5.10 Indemnification; Directors and Officers Insurance.

(a) From and after the Effective Time, Buyer (the Indemnifying Party) shall indemnify and hold harmless the Company and officer of Company, as applicable, determined as of the Effective Time (the Indemnified Parties) (including reasonable attorneys' fees), judgments, fines, losses, claims, damages or liabilities and amounts payable by or for the Effective Time in connection with any claim, action, suit, proceeding or investigation, whether civil or criminal, whether investigative, arising out of matters existing or occurring at or prior to the Effective Time, whether asserted or incurred before the Effective Time, based in whole or in part, or arising in whole or in part out of, or pertaining to (i) the Company or officer of Company or is or was serving at the request of Company, any of its Subsidiaries or any of its Subsidiaries' director, officer, employee, trustee or other agent of any other organization or in any capacity with respect to the Company, or (ii) any matters arising in connection with or related to the negotiation, execution and performance of the transactions contemplated hereby, to the fullest extent to which such Indemnified Parties would be entitled to the right to advancement of expenses under the Articles of Organization and Bylaws of Company as in effect at the Effective Time as though such Articles of Organization and Bylaws continue to remain in effect after the Effective Time and applicable Law. Buyer's obligations under this Section 5.10(a) shall continue in full force and effect for a period of ten (10) years, provided, however, that all rights to indemnification in respect of any claim asserted or made within such period shall be the final disposition of such claim.

(b) Any Indemnified Party wishing to claim indemnification under this Section 5.10, upon learning of the existence of a claim, action, suit, proceeding or investigation, shall promptly notify the Indemnifying Party, but the failure to so notify shall not constitute a defense to the Indemnifying Party of any liability it may have to such Indemnified Party if such failure does not actually prejudice the Indemnified Party of any such claim, action, suit, proceeding or investigation (whether arising before or after the Effective Time). The Indemnified Parties shall have the right to assume the defense thereof and the Indemnifying Party shall not be liable to such Indemnified Parties for expenses of other counsel or any other expenses subsequently incurred by such Indemnified Parties in connection with such claim, action, suit, proceeding or investigation, except that if the Indemnifying Party elects not to assume such defense or counsel for the Indemnified Parties, the Indemnifying Party shall, at its expense, retain counsel which raise conflicts of interest between the Indemnifying Party and the Indemnified Parties, the Indemnifying Party shall pay, promptly received, the reasonable fees and expenses of such counsel for the Indemnified Parties (which may not exceed the amount of the settlement effected without its prior written consent and (iv) the Indemnifying Party shall have no obligation to indemnify the Indemnified Parties if a federal or state banking agency or a court of competent jurisdiction shall determine that indemnification in the manner contemplated hereby is prohibited by applicable laws and regulations.

(c) Prior to the Effective Time, Company shall and if Company is unable to, Buyer shall cause the Surplus Guaranty Company to obtain and fully pay the premium for the extension of the Company's existing directors' and officers' liability insurance to a claims reporting or discovery period of at least six (6) years from and after the Effective Time from an insurance carrier with a better credit rating as Company's current insurance carrier with respect to directors' and officers' liability insurance. The terms, conditions, retentions and limits of liability that are at least as favorable to the Indemnified Parties as the current policy with respect to any actual or alleged error, misstatement, misleading statement, act,

Table of Contents

omission, neglect, breach of duty or any matter claimed against a director or officer of Company or an officer or her serving in such capacity that existed or occurred at or prior to the Effective Time (including in connection with the transactions or actions contemplated hereby); provided, however, that in no event shall Company be required to expend, for such tail policy a premium amount in excess of an amount (the Maximum Tail Premium) of the annual premiums paid by Company for D&O Insurance in effect as of the date of this Agreement to which Company is entitled on account of the Merger under the D&O Insurance in effect immediately prior to the Effective Time; provided further, that if the cost of such a tail policy exceeds the Maximum D&O Tail Premium, Company shall obtain a tail policy with the greatest coverage available for a cost not exceeding Maximum D&O Tail Premium.

(d) If Buyer or any of its successors or assigns shall consolidate with or merge into any other entity and a surviving entity of such consolidation or merger or shall transfer all or substantially all of its assets to another entity, in each case, proper provision shall be made so that the successors and assigns of Buyer shall assume the obligations of Buyer under this Agreement.

Section 5.11 Employees; Benefit Plans.

(a) All Company Employees to whom Buyer in its sole discretion offers employment at or prior to the Effective Time as employees of Buyer Bank so long as such Company Employees accept the terms and conditions of employment specified by Buyer; provided, that continued retention by Buyer Bank of such employees subsequent to the Effective Time shall be on the same terms and conditions as the terms and conditions of employment in effect at Buyer Bank's normal and customary employment procedures and practices, including customary background checks and satisfactory employment performance. In addition, Company and Company Bank agree, upon Buyer's request, to have discussions between Buyer and Company Employees regarding employment, consulting or other arrangements following the Merger. Any interaction between Buyer and Company's employees shall be coordinated with Buyer Bank.

(b) Company Employees (other than those who are parties to an employment, change of control or other arrangement) for severance) as of the date of the Agreement who remain employed by Company or any of its Subsidiaries whose employment is terminated by Buyer (absent termination for cause as determined by the employer) shall receive severance pay equal to two weeks of base weekly pay for each completed year of employment with any such employee's most recent hire date with Company or any of its Subsidiaries and ending with the Effective Time, or Buyer, with a maximum payment equal to 26 weeks of base pay. Such severance pay will be made at the discretion of Buyer. Severance payments will be in lieu of any severance pay plans that may be in effect at Company or any of its Subsidiaries at the Effective Time.

(c) Following the Closing Date, Buyer may choose to maintain any or all of Company Benefit Plans in effect at the Effective Time in accordance with the terms and conditions of such plans in the sentence of this Section 5.11(c) and to Section 5(d). However, for any Company Benefit Plan terminated or discontinued by Buyer or Buyer Bank, for any Buyer Benefit Plan of general applicability, Company Employees shall be entitled to participate in such plan to the extent as similarly-situated employees of Buyer or Buyer Bank (it being understood that inclusion of Company Employees in Buyer Benefit Plans may occur, if at all, at different times with respect to different plans).

(d) If employees of Company or any of its Subsidiaries become eligible to participate in a medical, dental or vision plan of Buyer Bank upon termination of such plan of Company or any of its Subsidiaries, Buyer shall use commercial insurance coverage for such plan to (i) waive any preexisting condition limitations to the extent such conditions are covered under the medical, dental plans of Buyer or Buyer Bank, (ii) provide full credit under such plans for any deductible, co-payments or other amounts incurred by the employees and their beneficiaries during the portion of the calendar year prior to such termination, and (iii) waive any waiting period limitation or evidence of insurability requirement.

Table of Contents

which would otherwise be applicable to such employee on or after the Effective Time, in each case to be satisfied any similar limitation or requirement under an analogous Plan prior to the Effective Time for the Effective Time occurs.

(e) Buyer shall honor, and the Surviving Entity shall continue to be obligated to perform, in accordance with the obligations to, and contractual rights of, current and former employees and directors of the Company and its subsidiaries, as well as all employment, severance, deferred compensation, retirement or change-in-control agreements, and other arrangements, but only if such obligations, rights, agreements, plans or policies are set forth in the Company Disclosure Schedule, and only if the consummation of the Merger will constitute a change-in-control of the Company for purposes of the arrangements of the Company. Nothing herein shall limit the ability of Buyer or Buyer Bank to amend or terminate any Company Benefit Plans or Buyer Benefit Plans in accordance with their terms at any time, subject to vested rights, and such plans may not be terminated pursuant to the terms of such Company Benefit Plans.

(f) Subject to the occurrence of the Effective Time, the tax-qualified employee stock ownership plan of the Company shall be terminated immediately prior to and effective as of the Effective Time (all shares held by the ESOP shall be distributed to the participants to receive the Merger Consideration). Any outstanding ESOP indebtedness shall be repaid from unallocated shares of the Company, and the unallocated shares and any other assets remaining unallocated shall be allocated and distributed to the participants upon receipt of a favorable determination letter from the IRS as provided for below), as provided for in the Company Disclosure Schedule and applicable law. Prior to the Effective Time, Company, and following the Effective Time, Buyer shall use its best efforts in good faith to obtain such favorable determination letter (including, but not limited to, making such amendments to the proposed allocations as may be requested by the IRS as a condition to its issuance of a favorable determination letter). Following the Effective Time, Buyer, will adopt such amendments to the ESOP as may be reasonably necessary to obtain such favorable determination letter on termination. Neither Company, nor following the Effective Time, shall make any distribution from the ESOP to any Company Employees who continue employment with Buyer, except as may be required by applicable law, until receipt of such favorable determination letter. In the case of a conflict between the terms of the ESOP and the terms of the ESOP, the terms of the ESOP shall control; however, in the event of any such conflict, Company and Buyer, following the Merger, shall use their commercially reasonable efforts to cause the ESOP to be amended to conform to the terms of the ESOP. Section 5.11(f).

(g) Nothing in this Section 5.11, expressed or implied, is intended to confer upon any other Person any benefit or right whatsoever under or by reason of this Section 5.11. Without limiting the foregoing, no provision of this Agreement shall be construed to confer any party beneficiary rights in any current or former employee, director or consultant of Company or its subsidiaries, or to affect employment (or resumed employment) or any other matter. Nothing in this Section 5.11 is intended (i) to amend, modify, or interfere with any Buyer Benefit Plan, (ii) interfere with Buyer's or the Surviving Entity's right from and after the Effective Time to amend, modify, or terminate any Company Benefit Plan or Buyer Benefit Plan or (iii) interfere with Buyer's or the Surviving Entity's right to terminate the employment or provision of services by any director, employee, independent contractor, or consultant of Buyer or the Surviving Entity.

Section 5.12 Notification of Certain Changes. Buyer and Company shall promptly advise the other party to this Agreement of any event which could reasonably be expected to have, a Material Adverse Effect with respect to it or which it becomes aware of which could reasonably be expected to, cause or constitute a material breach of any of its representations, warranties, or covenants. From time to time prior to the Effective Time (and on the date prior to the Closing Date), Buyer and Company shall update their respective Disclosure Schedules delivered in connection with the execution of this Agreement to reflect any information occurring or known at the date of this Agreement, would have been required to be set forth or described in the Disclosure Schedules which is necessary to correct any information in such

Table of Contents

Disclosure Schedule which has been rendered materially inaccurate thereby. No supplement or amendment to the Disclosure Schedule shall have any effect for the purpose of determining satisfaction of the conditions of Section 6.03(a) hereof, as the case may be, or compliance by Buyer or Company with the respective covenants set forth herein.

Section 5.13 Current Information. During the period from the date of this Agreement to the Effective Time, Company will cause one or more of its designated representatives to confer on a regular and frequent basis (not less than once per month) with the other party and to report the general status of the ongoing operations of Company and its Subsidiaries, respectively. Without limiting the foregoing, Company and Buyer agree to provide to the other (i) a copy of the balance sheet and a consolidated statement of operations, without related notes, within twenty-five (25) days following the end of the period for which the financial statements were prepared in accordance with Company's and Buyer's respective current financial reporting practices.

Section 5.14 Board Packages. Company shall distribute a copy of any Company or Company Bank Board meeting materials and any draft minutes, to Buyer at the same time and in the same manner in which it distributes a copy of such materials to the directors of Company or Company Bank, as the case may be; provided, however, that Company shall not distribute any documents that disclose confidential discussions of this Agreement or the transactions contemplated hereby, unless such documents have been approved by the board of directors of Company. Buyer may violate a confidentiality obligation or fiduciary duty or any law or regulation, or may result in the loss of attorney-client privilege.

Section 5.15 Transition: Informational Systems Conversion. From and after the date hereof, Buyer and Company shall make commercially reasonable efforts to facilitate the integration of Company with the business of Buyer for the purposes of the transactions contemplated hereby, and shall meet on a regular basis to discuss and plan for the conversion of Company's electronic informational systems of Company and each of its Subsidiaries (the "Informational Systems Conversion"). The Informational Systems Conversion, which planning shall include, but not be limited to, (a) discussion of third-party service provider arrangements with respect to Company's Subsidiaries; (b) non-renewal, after the Effective Time, of personal property leases and software licenses for Company and its Subsidiaries in connection with the systems operations; (c) retention of outside consultants and additional personnel necessary for the conversion; (d) outsourcing, as appropriate after the Effective Time, of proprietary or self-provided systems operations necessary and appropriate to facilitate the conversion, as soon as practicable following the Effective Time. Buyer shall reimburse Company for any reasonable out-of-pocket fees, expenses or charges that Company may incur in connection with the conversion of Buyer, any action to facilitate the Informational Systems Conversion.

Section 5.16 Access to Customers and Suppliers. From and after the date hereof, Company shall, upon the request of Buyer and its representatives to customers and suppliers of Company and its Subsidiaries for the purposes of the transactions contemplated hereby, facilitate the integration of Company and its business into that of the Buyer. Any interaction between Buyer and Company's customers and suppliers shall be coordinated by Company. Company shall have the right to participate in any discussions between Buyer and its customers and suppliers.

Section 5.17 Environmental Assessments.

(a) Company shall cooperate with and grant access to an environmental consulting firm selected and approved by Buyer and acceptable to Company, during normal business hours (and at such other times as may be agreed), to a site identified in the Disclosure Schedule 3.31 for the purpose of conducting (i) Phase I Assessments (which also may include Phase II Assessments) of areas containing materials, polychlorinated

Table of Contents

biphenyls, lead based paint, lead in drinking water, mold and radon); (ii) Phase II Environmental Assessment investigation of soil, soil vapor, and groundwater; (iii) surveys and sampling of indoor air and building materials, asbestos containing materials, mold, microbial matter, polychlorinated biphenyls, and other Hazardous

(b) To the extent requested by the Buyer, each environmental assessment shall include an estimate by the Buyer of the costs of preparing such environmental assessment of the costs of investigation, monitoring, personal injury, property damage, penalties, fines or other liabilities, as the case may be, relating to the potential environmental condition(s) or other conditions which are the subject of the environmental assessment.

Section 5.18 Certain Litigation. In the event that any shareholder litigation related to this Agreement or any transactions contemplated by this Agreement is brought, or, to Company's Knowledge, threatened, against Company, the board of directors of Company prior to the Effective Time, Company shall give Buyer the opportunity to participate in the settlement of such litigation, and no such settlement shall be agreed to without Buyer's prior written consent (which may be withheld). Company shall promptly notify Buyer of any such stockholder litigation brought, or threatened, against Company and its members of the board of directors of Company and keep Buyer reasonably informed with respect to the progress of such litigation.

Section 5.19 Stock Exchange De-listing. Prior to the Closing Date, Company shall cooperate with Buyer's efforts to take, or cause to be taken, all actions, and do or cause to be done all things, reasonably necessary to effect the de-listing by the Surviving Entity of the Company Common Stock from Nasdaq and the other exchanges on which the Company Common Stock is listed and the deregistration of the Company Common Stock under the Exchange Act and the rules and regulations thereunder, effective as of the Effective Time, and in any event no more than ten (10) days after the Closing Date.

Section 5.20 Director Resignations. Company shall use commercially reasonable efforts to cause to be effective as of the Effective Time the resignations of the directors of its Subsidiaries (other than Company Bank) to be effective as of the Effective Time.

Section 5.21 Coordination of Dividends. After the date of this Agreement, each of Buyer and Company shall coordinate the payment of dividends with respect to the Buyer Common Stock and Company Common Stock and the timing of such payments, relating thereto, it being the intention of the parties that holders of Company Common Stock shall not receive one dividend, for any single calendar quarter with respect to their shares of Company Common Stock, and that any such holder receives in exchange for such shares of Company Common Stock a dividend payment from Buyer.

Section 5.22 Representation on Buyer Board. Prior to the Closing, the board of directors of Buyer and Company shall each increase by one (1) the number of directors constituting the entire Board of Directors of Buyer and Company, effective as of and contingent upon the occurrence of the Effective Time, and the Board of Directors of Buyer and Company shall elect John J. Morrissey (the Company Board Representative) to fill such vacancies and thereby become the Company Board Representative, effective as of and contingent upon the occurrence of the Effective Time. The Company Board Representative shall be subject to customary background screening and evaluation procedures with respect to director independence.

Section 5.23 Coordination.

(a) Company and Company Bank shall take any actions Buyer may reasonably request prior to the Effective Time to facilitate the consolidation of the operations of Company Bank with Buyer Bank, including without limitation actions to coordinate the issuance of Certificate of Deposit, limit wholesale funding to

Table of Contents

overnight Federal Home Loan Bank of Boston borrowings and discontinue advertising residential mortgages on BankRate.com. Without limiting the foregoing, senior officers of Company and Buyer shall meet from time to time at the request of Buyer, and at Buyer's reasonable request, and in any event not less frequently than monthly, to review the financial and operational performance of Company Bank, and Company shall give due consideration to Buyer's input on such matters, with the exception of any other provision contained in this Agreement, neither Buyer nor Buyer Bank shall under any circumstances exercise control of Company or any of its Subsidiaries prior to the Effective Time. Company and Company Bank shall have Buyer Bank to be onsite at Company Bank to facilitate consolidation of operations and assist with any other matters that may be necessary.

(b) Upon Buyer's reasonable request, prior to the Effective Time and consistent with GAAP, the rules and regulations of applicable banking laws and regulations, (i) each of Company and its Subsidiaries shall modify or change its policies, tax, litigation and real estate valuation policies and practices (including loan classifications and levels) to conform on a basis that is consistent with that of Buyer, (ii) Company shall use commercially reasonable efforts to classify and originate such investment securities and loans as are identified by Buyer in writing from time to time prior to the Effective Time, and shall make such accruals under the Company Benefit Plans as Buyer may reasonably request to reflect the changes to the Company Benefit Plans upon the completion of the Merger. Notwithstanding the foregoing, no such modifications of the type described in this Section 5.23(b) need be made prior to the satisfaction of the conditions set forth in this Agreement.

(c) Company and Company Bank shall, consistent with GAAP and regulatory accounting principles, use commercially reasonable efforts to implement at Buyer's request internal control procedures which are consistent with Buyer's internal control procedures to allow Buyer to fulfill its reporting requirement under Section 404 of the Sarbanes-Oxley Act of 2002, however, that no such modifications, changes or divestitures need be made prior to the satisfaction of the conditions set forth in 6.01(a) and 6.01(b).

(d) No accrual or reserve or change in policy or procedure made by Company or any of its Subsidiaries shall constitute or be deemed to be a breach, violation of or failure to satisfy any representation, warranty, covenant or other provision of this Agreement or otherwise be considered in determining whether any such breach, violation or failure has occurred. The recording of any such adjustment shall not be deemed to imply any misstatement or omission in any financial statements or information and shall not be construed as concurrence of Company or its management with the accuracy of such statements or information.

(e) Subject to Section 5.23(b), Buyer and Company shall cooperate (i) to minimize any potential adverse tax consequences under Section 141R, and (ii) to maximize potential benefits to the Buyer and its Subsidiaries under the transactions contemplated by this Agreement, in each case consistent with GAAP, the rules and regulations of applicable banking laws and regulations.

Section 5.24 Bank Merger. Buyer and Company agree to take all action necessary and appropriate, including the adoption of an appropriate Plan of Bank Merger, to cause Company Bank to merge with Buyer Bank in accordance with the terms of the Plan of Bank Merger at such time, if any, as determined by Buyer.

Section 5.25 Transactional Expenses. The Company has provided in Company Disclosure Schedule 3 a list of the costs and fees that Company and its Subsidiaries expect to pay to retained representatives in connection with the transactions contemplated by this Agreement (collectively, "Company Expenses"). Company shall use its commercially reasonable efforts to ensure that the total of all Company Expense to not to materially exceed the total expenses disclosed in Company Disclosure Schedule 3, and shall promptly notify Buyer if or when it determines that it expects to materially exceed its

Table of Contents

budget. Company shall not incur investment banking fees in connection with the transactions contemplated by this Agreement, except those expressly provided for in the letter agreement between Keefe, Bruyette & Woods, Inc. and Company.

Section 5.26 Section 16(a). Prior to the Effective Time, Buyer shall, as applicable, take all such steps as may be necessary to effect the acquisitions of Buyer Common Stock resulting from the transactions contemplated by this Agreement, and to file all reports required subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to Buyer to be filed under the Exchange Act promulgated under the Exchange Act. Company agrees to promptly furnish Buyer with all requisite information in connection with the actions contemplated by this Section 5.25.

Section 5.27 Small Business Lending Fund Redemption. Each of Buyer and Company and their respective advisors shall use their respective commercially reasonable efforts to prepare all documentation, to effect all filings, to obtain all necessary approvals and authorizations of all third parties and Governmental Authorities necessary to redeem the Fund on the Effective Time.

Section 5.28 Assumption by Buyer of Certain Obligations. At or before the Closing, Buyer shall deliver to the Company all indentures as required and in a form reasonably satisfactory to the Company, as of the Effective Time, and shall ensure the timely and punctual performance and observance of each and every covenant, agreement and condition (insofar as such condition is to be performed and observed by the Company) of the indentures, trust agreements and other agreements of the Company, each as more specifically identified on Company Disclosure Schedule 3.03.

ARTICLE VI

CONDITIONS TO CONSUMMATION OF THE MERGER

Section 6.01 Conditions to Obligations of the Parties to Effect the Merger. The respective obligations of Buyer and Company to consummate the Merger are subject to the fulfillment or, to the extent permitted by applicable law, waiver of the conditions to the Closing Date of each of the following conditions:

(a) Shareholder Vote. This Agreement and the transactions contemplated hereby shall have received the affirmative approval of the Shareholders at the Company Meeting.

(b) Regulatory Approvals; No Burdensome Condition. All Regulatory Approvals required to consummate the Merger contemplated herein shall have been obtained and shall remain in full force and effect and all statutory and regulatory requirements shall have expired or been terminated. None of such regulatory approvals shall impose any term, condition or restriction on the Company or its Subsidiaries that Buyer reasonably determines is a Burdensome Condition.

(c) No Injunctions or Restraints; Illegality. No judgment, order, injunction or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of any of the transactions contemplated by this Agreement, statute, rule, regulation, order, injunction or decree shall have been enacted, entered, promulgated or enforced by any Governmental Authority that prohibits or makes illegal the consummation of any of the transactions contemplated hereby.

(d) Effective Registration Statement. The Registration Statement shall have become effective and no suspension or withdrawal of the Registration Statement shall have been issued and no proceedings for that purpose shall have been instituted by any Governmental Authority or any other Governmental Authority.

(e) Tax Opinions Relating to the Merger. Company and Buyer, respectively, shall have received opinions of independent tax advisors and Kilpatrick Townsend & Stockton LLP, respectively, each dated as of the Closing Date, in substance and effect to the satisfaction of Company and Buyer to the effect that, on

Table of Contents

the basis of the facts, representations and assumptions set forth in such opinion, the Merger and Bank Merger, as a single integrated transaction, will be treated for federal income tax purposes as a reorganization within the meaning of Section 368 of the Internal Revenue Code. In rendering their opinions, Choate, Hall & Stewart LLP and Kilpatrick Townsend & Stockton LLP have reviewed the representations contained in certificates of officers of each of Company and Buyer.

Section 6.02 Conditions to Obligations of Company. The obligations of Company to consummate the Merger shall be subject to the fulfillment or written waiver by Company prior to the Closing Date of each of the following conditions:

(a) Representations and Warranties. The representations and warranties of Buyer set forth in this Agreement shall be true and accurate in all material respects as of the date of this Agreement and (except to the extent such representations and warranties are qualified as of the Closing Date as though made on and as of the Closing Date, in any case subject to the standard of care) as of the Closing Date, in any case subject to the standard of care, shall have received a certificate, dated the Closing Date, signed on behalf of Buyer by the Chief Executive Officer of Buyer to such effect.

(b) Performance of Obligations of Buyer. Buyer shall have performed and complied with all of its obligations under this Agreement in all material respects at or prior to the Closing Date, and Company shall have received a certificate, dated the Closing Date, signed on behalf of Buyer by the Chief Executive Officer and the Chief Financial Officer of Buyer to such effect.

(c) Other Actions. Buyer shall have furnished Company with such certificates of their respective officers and such other documents to evidence fulfillment of the conditions set forth in Sections 6.01 and 6.02 as Company may reasonably request.

Section 6.03 Conditions to Obligations of Buyer. The obligations of Buyer to consummate the Merger shall be subject to the fulfillment or written waiver by Buyer prior to the Closing Date of each of the following conditions:

(a) Company Common Stock. Notwithstanding the standard set forth in Section 3.01, the number of shares of Company common stock outstanding as of the Closing Date of this Agreement shall not exceed 1,690,951, except to the extent that, after the date of this Agreement, of one or more stock options listed on the Company Disclosure Schedule are exercised in accordance with the terms existing as of the date of this Agreement and disclosed on the Company Disclosure Schedule.

(b) Representations and Warranties. The representations and warranties of Company set forth in this Agreement shall be true and accurate in all material respects as of the date of this Agreement and (except to the extent such representations and warranties are qualified as of the Closing Date as though made on and as of the Closing Date, in any case subject to the standard of care) as of the Closing Date, in any case subject to the standard of care, shall have received a certificate, dated the Closing Date, signed on behalf of Company by the Chief Executive Officer of Company to such effect.

(c) Performance of Obligations of Company. Company shall have performed and complied with all of its obligations under this Agreement in all material respects at or prior to the Closing Date, and Buyer shall have received a certificate, dated the Closing Date, signed on behalf of Company by the Chief Financial Officer and Chief Operating Officer of Company to such effect.

(d) Plan of Bank Merger. The Plan of Bank Merger shall have been executed and delivered concurrent with the delivery of this Agreement.

Table of Contents

(e) Consulting and Non-Competition Agreements. Company shall have delivered to Buyer (i) a non-competition agreement in the form set forth on Exhibit F from John D. Doherty and (ii) a consulting, non-competition agreement in the form set forth on Exhibit G from William P. Morrissey.

(f) Other Actions. Company shall have furnished Buyer with such certificates of its officers or others as may be required for the fulfillment of the conditions set forth in Sections 6.01 and 6.03 as Buyer may reasonably request.

Section 6.04 Frustration of Closing Conditions. Neither Buyer nor Company may rely on the failure of any condition set forth in Section 6.01, 6.02 or 6.03, as the case may be, to be satisfied if such failure was caused by such party's failure to make reasonable efforts to consummate any of the transactions contemplated hereby, as required by and subject to the terms of this Agreement.

ARTICLE VII

TERMINATION

Section 7.01 Termination. This Agreement may be terminated, and the transactions contemplated hereby shall be null and void, if:

(a) Mutual Consent. At any time prior to the Effective Time, by the mutual consent of Buyer and Company, or by the mutual consent of Buyer and the board of directors of Company each so determines by vote of a majority of the members of the board of directors.

(b) No Regulatory Approval. By Buyer or Company, if its board of directors so determines by a vote of a majority of the entire Board, in the event any Regulatory Approval required for consummation of the transactions contemplated hereby has not been obtained or has been denied by final, nonappealable action by such Governmental Authority or an application therefor has been withdrawn at the request of a Governmental Authority.

(c) No Shareholder Approval. By either Buyer or Company (provided in the case of Company that it shall not be terminated if such failure of its obligations under Section 5.04(a)), if the Requisite Company Shareholder Approval shall not have been obtained or if the failure to obtain the required vote at a duly held meeting of such shareholders or at any adjournment of such meeting.

(d) Breach of Representations and Warranties. By either Buyer or Company (provided that the terminating party is not then in breach of any representation, warranty, covenant or other agreement contained herein in a manner that would entitle the other party to consummate the agreement) if there shall have been a material breach of any of the representations or warranties made by the other party (subject to the standard set forth in Sections 3.01 and 4.01, respectively), which breach shall not have been cured prior to the earlier of (i) thirty (30) days following written notice to the party committing such breach from the other party hereto or (ii) the Termination Date, or which breach, by its nature, cannot be cured prior to the Closing.

(e) Breach of Covenants. By either Buyer or Company (provided that the terminating party is not then in breach of any representation, warranty, covenant or other agreement contained herein in a manner that would entitle the other party to consummate the agreement) if there shall have been a material breach of any of the covenants or agreements set forth in this Agreement by the other party, which breach shall not have been cured prior to the earlier of (i) thirty (30) days following written notice to the party committing such breach from the other party hereto or (ii) two (2) Business Days prior to the Termination Date, or which breach, by its nature, cannot be cured prior to the Closing.

Table of Contents

(f) Delay. It being understood that the parties shall use good faith efforts to submit regulatory filings in other commercially reasonable actions to facilitate a closing on or before December 31, 2012, by either party shall not have been consummated on or before March 31, 2013 (the Termination Date), unless the date shall be due to a material breach of this Agreement by the party seeking to terminate this Agreement.

(g) Superior Proposal. By Company if at any time after the date of this Agreement and prior to obtaining Shareholder Approval, Company receives an Acquisition Proposal; provided, however, that Company shall not be bound by such Acquisition Proposal pursuant to the foregoing clause unless:

(i) Company shall have complied in all material respects with Section 5.09 of this Agreement, including that the board of directors of Company in good faith that such Acquisition Proposal is a Superior Proposal;

(ii) Company concurrently pays the Termination Fee payable pursuant to Section 7.02; and

(iii) the board of directors of Company concurrently approves, and Company concurrently enters into, such Superior Proposal.

(h) Failure to Recommend: Third-Party Acquisition Transaction; Etc. At any time prior to the Company's recommendation referred to in Section 5.04(a) or withdrawn such recommendation or modified or changed in any manner adverse in any respect to the interests of Buyer, whether or not permitted by Section 5.09, (ii) the board of directors of Company shall have recommended, proposed, or publicly announced its intention to recommend or propose, to enter into an Acquisition Proposal with any Person other than Buyer or a Subsidiary or Affiliate of Buyer, whether or not permitted by Section 5.09, (iii) the board of directors of Company shall have materially breached its obligations under Section 5.04 by failing to call, give notice of, convene a meeting of the board of directors in accordance with Section 5.04.

(i) Price of the Buyer Common Stock. By the Company, if the board of directors of the Company so determines, in the event that, as of the Determination Date, both of the following conditions are satisfied:

(i) the Average Determination Price shall be less than 80% of the Buyer Starting Price; and

(ii) (A) the number obtained by dividing the Average Determination Price by the Buyer Starting Price is less than (B) the number obtained by dividing the Final Index Price by the Initial Index Price and subtracting the Index Ratio).

If the Company elects to exercise its termination right pursuant to this Section 7.01(i), it shall give written notice to Buyer by the end of the third Business Day next following the Determination Date. During the five Business Day period following such notice, Buyer may, at its option, increase the Exchange Ratio to a number equal to the lesser of (x) the Exchange Ratio (as then in effect) plus one-tenth of one-tenth (one-ten-thousandth), the numerator of which is equal to the product of the Exchange Ratio (as then in effect) and the Buyer Starting Price, and the denominator of which is equal to the Buyer Ratio, or (y) a quotient (rounded to the nearest one-tenth) of the product of the Exchange Ratio (as then in effect), the Buyer Starting Price and 0.80, and the denominator of which is equal to the Average Determination Price. If Buyer makes an election contemplated by the preceding sentence within such five Business Day period, it shall give prompt written notice to the Company of such election and the revised Exchange Ratio, whereupon no further action shall be required pursuant to this Section 7.01(i) and this Agreement shall remain in effect in accordance with its terms as modified by such election (and any references in this Agreement to Exchange Ratio shall thereafter be deemed to refer to the Exchange Ratio as adjusted pursuant to this Section 7.01(i)).

Table of Contents

If the outstanding shares of Buyer Common Stock or any company belonging to the Index shall be changed by reason of any stock dividend, reclassification, recapitalization, split-up, combination, exchange or other corporate transaction between the date of the Agreement and the Determination Date, the prices for the common stock of such company shall be adjusted.

For purposes of this Section 7.01(i), the following terms shall have the meanings set forth below:

Buyer Starting Price shall mean the average, rounded to the nearest one-tenth of a cent, of the volume-weighted average trading price of a share of Buyer Common Stock on the Nasdaq, as reported by Bloomberg L.P., for the ten trading days immediately preceding the date hereof.

Average Determination Price of the Buyer Common Stock shall mean the average, rounded to the nearest one-tenth of a cent, of the volume-weighted average trading price of a share of Buyer Common Stock on the Nasdaq, as reported by Bloomberg L.P., for the trading day period ending on the trading date immediately preceding the Determination Date.

Determination Date means the date on which the last required approval of a Governmental Entity is obtained, or the date on which the requisite waiting period expires, with regard to any requisite waiting period.

Final Index Price means the average, rounded to the nearest one-tenth of a cent, of the volume-weighted average trading price of a share of Buyer Common Stock on the Nasdaq, as reported on Bloomberg L.P., for the same trading days used in calculating the Average Determination Price.

Index means the Nasdaq Bank Stock Index or, if such Index is not available, such substitute or similar index as determined by the Buyer, the Nasdaq Bank Stock Index.

Initial Index Price means the average, rounded to the nearest one-tenth of a cent, of the volume-weighted average trading price of a share of Buyer Common Stock on the Nasdaq, as reported on Bloomberg L.P., for the same trading days used in calculating the Buyer Starting Price.

Section 7.02 Termination Fee: Reimbursement.

(a) In recognition of the efforts, expenses and other opportunities foregone by Buyer while structuring this Agreement, Buyer shall pay to Buyer by wire transfer of immediately available funds a termination fee equal to \$2,200,000 if the Company terminates this Agreement pursuant to Section 7.01(g), in which case Company shall pay the termination fee at the time of such termination.

(b) In the event that (A) (i) an Acquisition Proposal, whether or not conditional, shall have been publicly announced by any Person shall have, after the date hereof, publicly announced an intention, whether or not conditional, to acquire the Company or (ii) the board of directors of Company has made a Change in Recommendation (or publicly proposed a Change in Recommendation), prior to or on the date of the Company Meeting (including any adjournment or postponement of such Meeting or Merger is held), (B) this Agreement is thereafter terminated by either Buyer or Company pursuant to Section 7.01(d), Section 7.01(e) as a result of Company's willful breach of any of the covenants hereunder, or 7.01(h), and (C) within 12 months following the date of such termination, Company enters into an agreement with respect to any Acquisition Transaction, the board of directors of Company recommends the consummation of such Acquisition Transaction, Company consummates any Acquisition Transaction (whether or not such Acquisition Transaction results from the Acquisition Proposal referred to in the foregoing clause (A)(i), if applicable), then Company shall pay to Buyer the Buyer Reimbursement Amount, which amount shall be payable by wire transfer of immediately available funds to Buyer at the time of Company entering into a definitive agreement for or consummating such Acquisition Transaction.

Table of Contents

(c) In the event that this Agreement is terminated by Buyer under the provisions referred to in clause (C) of Section 7.02(b) shall have occurred prior to such termination and the Reimbursement Amount has not been paid and is not payable because the circumstances referred to in clause (C) of Section 7.02(b) have occurred, the Company shall pay at Buyer's direction as promptly as possible (but in any event within three (3) Business Days of the date of the invoice therefor up to \$750,000 of Buyer's and its Subsidiaries reasonably documented out-of-pocket expenses (including reasonable legal fees and expenses) actually incurred by Buyer and its Subsidiaries prior to the termination of this Agreement in connection with the negotiation, execution, delivery and performance of this Agreement by Buyer and its Subsidiaries (the "Reimbursement Amount").

(d) Company and Buyer each agree that the agreements contained in this Section 7.02 are an integral part of this Agreement, and that, without these agreements, Buyer would not enter into this Agreement; and if Buyer is required to pay any amounts due under this Section 7.02 and, in order to obtain such payment, Buyer commences legal proceedings against Company for such amounts, Company shall pay interest on such amounts from the date payment is due to the date of actual payment at the rate of interest equal to the sum of (x) the rate of interest published from time to time in the Wall Street Journal, Eastern Edition (or any successor publication thereto), designated therein as the prime rate on a floating rate basis plus 200 basis points, together with the costs and expenses of Buyer (including reasonable legal fees and expenses).

(e) Exclusivity of Remedy. Notwithstanding anything to the contrary set forth in this Agreement, if the Agreement is terminated by Buyer or to Buyer Bank the Termination Fee, neither the Company nor Company Bank (or any successor or assignee of the Company Bank) will have any further obligations or liabilities to Buyer or Buyer Bank with respect to the Agreement contemplated by this Agreement.

Section 7.03 Effect of Termination. In the event of termination of this Agreement pursuant to this Article VII, the Company shall have any liability or further obligation to any other party hereunder other than as set forth in Section 7.02(e), except as set forth in Section 7.02(e), termination will not relieve a breaching party from liability for a breach of the Agreement, representation or warranty of this Agreement giving rise to such termination.

ARTICLE VIII

DEFINITIONS

Section 8.01 Definitions. The following terms are used in this Agreement with the meanings set forth in this Article VIII.

Acquisition Proposal means any proposal or offer after the date hereof with respect to any Acquisition Transaction announced by any Person (which shall include any regulatory application or notice) of a proposal, or any other document in connection with an Acquisition Transaction.

Acquisition Transaction means any of the following (other than the transactions contemplated hereby): (a) any merger, consolidation, share exchange, business combination or other similar transaction; (b) any sale, lease, conveyance or other disposition of assets that constitute a substantial portion of the assets of Company in a single transaction; or (c) any tender offer or exchange offer for 20% or more of the outstanding shares of its capital stock or other securities of Company under the Securities Act, in connection therewith.

Affiliate means, with respect to any Person, any other Person controlling, controlled by or under common control with such Person, in this definition, "control" (including, with its correlative meanings,

Table of Contents

controlled by and under common control with) means the possession, directly or indirectly, of power to manage and policies of a Person whether through the ownership of voting securities, by contract or otherwise.

Agreement means this Agreement (including exhibits), as amended or modified from time to time in accordance with the terms hereof.

Articles of Merger has the meaning set forth in Section 1.04(a).

Average Determination Price has the meaning set forth in Section 7.01(i).

Bank Merger has the meaning set forth in the recitals.

Bank Secrecy Act means the Bank Secrecy Act of 1970, as amended.

BOLI has the meaning set forth in Section 3.33(b).

Burdensome Conditions has the meaning set forth in Section 5.06(a).

Business Day means Monday through Friday of each week, except a legal holiday recognized as such by the laws of the Commonwealth of Massachusetts which banking institutions in The Commonwealth of Massachusetts are authorized or obligated to close.

Buyer has the meaning set forth in the preamble to this Agreement.

Buyer Bank has the meaning set forth in the preamble to this Agreement.

Buyer Benefit Plans has the meaning set forth in Section 4.15(a).

Buyer Common Stock means the common stock, \$0.01 par value per share, of Buyer.

Buyer Disclosure Schedule has the meaning set forth in Section 4.01(a).

Buyer Ratio has the meaning set forth in Section 7.01(i).

Buyer Reimbursement Amount has the meaning set forth in Section 7.02(c).

Buyer Regulatory Agreement has the meaning set forth in Section 4.09.

Buyer Reports has the meaning set forth in Section 4.06(a).

Buyer Starting Price has the meaning set forth in Section 7.01(i).

Cash Consideration has the meaning set forth in Section 2.01(c).

Cash Election has the meaning set forth in Section 2.04(a).

Cash Election Shares has the meaning set forth in Section 2.04(a).

Certificate means any certificate which immediately prior to the Effective Time represents shares of Buyer.

Change in Recommendation has the meaning set forth in Section 5.04.

Table of Contents

Closing and Closing Date have the meanings set forth in Section 1.04(b).

Code means the Internal Revenue Code of 1986, as amended.

Community Reinvestment Act means the Community Reinvestment Act of 1977, as amended.

Company has the meaning set forth in the preamble to this Agreement.

Company Balance Sheet Date has the meaning set forth in Section 3.10.

Company Bank has the meaning set forth in the preamble to this Agreement.

Company Benefit Plans has the meaning set forth in Section 3.16(a).

Company Board Representative has the meaning set forth in Section 5.22.

Company Common Stock means the common stock, \$1.00 par value per share, of Company.

Company Disclosure Schedule has the meaning set forth in Section 3.01(a).

Company Employees has the meaning set forth in Section 3.16(a).

Company Equity Plans has the meaning set forth in Section 2.07(a).

Company Expenses has the meaning set forth in Section 5.25.

Company Intellectual Property means the Intellectual Property used in or held for use in the conduct of the business of Company and its Subsidiaries.

Company Loan has the meaning set forth in Section 3.23(b).

Company Loan Property has the meaning set forth in Section 3.18(a).

Company Meeting has the meaning set forth in Section 5.04.

Company Pension Plan has the meaning set forth in Section 3.16(b).

Company Preferred Stock means the Series B Senior Non-Cumulative Perpetual Preferred Stock, \$

Company Regulatory Agreement has the meaning set forth in Section 3.14.

Company Reports has the meaning set forth in Section 3.08(a).

D&O Insurance has the meaning set forth in Section 5.10(c).

Derivative Transaction means any swap transactions, option, warrant, forward purchase or sale transactions, floor transactions or collar transactions relating to one or more currencies, commodities, interest rates, catastrophe events, weather-related events, credit-related events or conditions or any instrument (including any option with respect to any of these transactions) or combination of any of these transactions, mortgage obligations or other similar instruments or any debt or equity instruments evidencing or embodying any related credit support, collateral or other similar arrangements related to such transactions.

Table of Contents

Determination Date has the meaning set forth in Section 7.01(i).

Dodd-Frank Act means the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Effective Time has the meaning set forth in Section 1.04(a).

Election Deadline has the meaning set forth in Section 2.04(b).

Election Form has the meaning set forth in Section 2.04(a).

Environmental Law means any federal, state or local law, regulation, order, decree, permit, authorization, or agreement relating to: (a) pollution, the protection or restoration of the indoor or outdoor environment, human health, or the environment; or (b) the handling, use, presence, disposal, release or threatened release of any Hazardous Substance, or persons or property in connection with any Hazardous Substance. The term Environmental Law includes any statute, as amended, any successor thereto, and any regulations promulgated pursuant thereto, and any rules, regulations and the like addressing similar issues: (a) the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. § 9601 et seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 7401, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1361, et seq.; the Clean Air Act, as amended, 42 U.S.C. § 1701, et seq.; the Emergency Planning and Community Right-to-Know Act, as amended, 42 U.S.C. § 1101, et seq.; the Safe Drinking Water Act; 42 U.S.C. § 300f, et seq.; the Occupational Safety and Health Act, as amended, 29 U.S.C. § 101, et seq.; (b) common law that may impose liability (including without limitation strict liability) or obligations for the presence of or exposure to any Hazardous Substance.

Equal Credit Opportunity Act means the Equal Credit Opportunity Act, as amended.

ERISA means the Employee Retirement Income Security Act of 1974, as amended.

ERISA Affiliate has the meaning set forth in Section 3.16(c).

ESOP has the meaning set forth in Section 5.11(e).

Exchange Act has the meaning set forth in Section 3.08(a).

Exchange Agent means such exchange agent as may be designated by Buyer and reasonably accepted for the purposes of conducting the exchange procedures described in Section 2.04 (which shall be Buyer's trading agent).

Exchange Fund has the meaning set forth in Section 2.04(b).

Exchange Ratio means:

if the Average Determination Price is more than \$26.94 and less than \$30.38, then the Exchange Ratio shall be the quotient (rounded to the nearest one-thousandth) obtained by dividing \$32.00 by the Average Determination Price;

if the Average Determination Price is equal to or less than \$26.94, then the Exchange Ratio shall be 1.00;

if the Average Determination Price is equal to or higher than \$30.38, then the Exchange Ratio shall be the quotient (rounded to the nearest one-thousandth) obtained by dividing the Average Determination Price by \$30.38.

Table of Contents

For illustrative purposes only:

if the Average Determination Price is \$28.66, then the Exchange Ratio shall be equal to 1.1

if the Average Determination Price is \$26.00, then the Exchange Ratio shall be equal to 1.1

if the Average Determination Price is \$32.00, then the Exchange Ratio shall be equal to 1.0

Executive Officer means each officer of Company or Buyer, as applicable, who files reports with the Exchange Act.

FDIA has the meaning set forth in Section 3.28.

Fair Housing Act means the Fair Housing Act, as amended.

FDIC means the Federal Deposit Insurance Corporation.

FHLB means the Federal Home Loan Bank of Boston.

Final Index Price has the meaning set forth in Section 7.01(i).

FINRA means the Financial Industry Regulatory Authority, Inc.

FRB means the Federal Reserve Bank of Boston.

GAAP means accounting principles generally accepted in the United States of America.

Governmental Authority means any federal, state or local court, administrative agency or commission acting in its official capacity or in its instrumentality.

Hazardous Substance means any and all substances (whether solid, liquid or gas) defined, listed, or classified as hazardous wastes, hazardous substances, hazardous materials, extremely hazardous wastes, flammable liquids, flammable solids, flammable gases, flammable aerosols, flammable dusts, flammable mists, flammable fumes, flammable vapors, flammable liquids, flammable solids, flammable gases, flammable aerosols, flammable dusts, flammable mists, flammable fumes, flammable vapors, asbestos-containing materials, polychlorinated biphenyls, lead, radon, radioactive materials, flammable liquids, flammable solids, flammable gases, flammable aerosols, flammable dusts, flammable mists, flammable fumes, flammable vapors, microbial matter and airborne pathogens (naturally occurring or otherwise). Hazardous Substance does not include substances in amounts ordinarily and customarily used or stored for the purposes of cleaning or other maintenance activities.

Home Mortgage Disclosure Act means Home Mortgage Disclosure Act of 1975, as amended.

Indemnified Parties and **Indemnifying Party** have the meanings set forth in Section 5.10(a).

Index has the meaning set forth in Section 7.01(i).

Initial Index Price has the meaning set forth in Section 7.01(i).

Informational Systems Conversion has the meaning set forth in Section 5.15.

Insurance Policies has the meaning set forth in Section 3.33(a).

Intellectual Property means (a) trademarks, service marks, trade names, Internet domain names, designs, patents, copyrights, and other intangibles of like nature, together with all goodwill, registrations and applications related to the foregoing, and (b) designs (including any continuations, divisionals,

Table of Contents

continuations-in-part, renewals, reissues, and applications for any of the foregoing); (c) copyrights (including applications for any of the foregoing); (d) Software; and (e) technology, trade secrets and other confidential proprietary processes, formulae, algorithms, models, and methodologies.

IRS means the Internal Revenue Service.

Knowledge of any Person (including references to such Person being aware of a particular matter) and Subsidiaries means those facts that are actually known, after reasonable inquiry, by the Executive Officers of Company and Company Bank, and as used with respect to Buyer and its Subsidiaries means those facts known, after reasonable inquiry, by the Executive Officers of Buyer and the directors of Buyer. Without limiting the generality of this sentence, the term Knowledge includes any fact, matter or circumstance set forth in any written contract, agreement or Governmental Authority.

Law means any statute, law, ordinance, rule or regulation of any Governmental Authority that is applicable to the Company.

Leases has the meaning set forth in Section 3.31(b).

Liens means any charge, mortgage, pledge, security interest, restriction, claim, lien or encumbrance, including any agreement, charge or other claim of third parties of any kind.

Loans has the meaning set forth in Section 3.23(a).

Mailing Date has the meaning set forth in Section 2.04(a).

Material Adverse Effect means (a) with respect to any Person, any effect that is material and adverse to the operations or business of such Person and its Subsidiaries, taken as a whole, or which would materially and adversely affect the ability of such Person to perform its obligations under this Agreement or otherwise materially impairs the ability of such Person to carry out the obligations contemplated hereby; provided, however, that Material Adverse Effect shall not be deemed to include (i) changes in laws and similar laws of general applicability or interpretations thereof by Governmental Authorities, (ii) changes in accounting requirements applicable to banks or bank holding companies generally, (iii) any modifications to the policies and practices in connection with the transactions contemplated hereby or restructuring charges in connection with the transactions contemplated hereby, in each case in accordance with GAAP and with Buyer's prior written consent, (iv) of this Agreement in general economic or capital market conditions affecting financial institutions or other entities, (v) disproportionately affecting Company or Buyer, including, but not limited to, changes in levels of interest rates, (vi) compliance with this Agreement on the operating performance of Company or Buyer, including the effect of the action of Buyer in negotiating, documenting, effecting and consummating the transactions contemplated by this Agreement, (vii) the impact of the Agreement and the transactions contemplated hereby on relationships with Company's employees (including the loss of personnel subsequent to the date of this Agreement); and (viii) the impact of the transactions contemplated hereby.

Material Contracts has the meaning set forth in Section 3.13(a).

Maximum D&O Tail Premium has the meaning set forth in Section 5.10(c).

Merger has the meaning set forth in the recitals.

Merger Consideration has the meaning set forth in Section 2.01(c).

Table of Contents

Nasdaq has the meaning set forth in Section 2.03.

New Certificates has the meaning set forth in Section 2.04(a).

Non-Election has the meaning set forth in Section 2.04(a).

Non-Election Shares has the meaning set forth in Section 2.04(a).

Notice Period has the meaning set forth in Section 5.09(d).

Options has the meaning set forth in Section 2.07(a).

OREO has the meaning set forth in Section 3.23(a).

Person means any individual, bank, corporation, partnership, association, joint-stock company, business trust, unincorporated organization or other organization or firm of any kind or nature.

Phase I Assessment has the meaning set forth in Section 5.01(w).

Phase II Assessment has the meaning set forth in Section 5.17(a).

Plan of Bank Merger means the agreement and plan of merger to be entered into between Buyer Bank and Company Bank in connection with the merger of Company Bank and Buyer Bank.

Proxy Statement-Prospectus means the proxy statement and prospectus and other proxy solicitation materials, together with any amendments and supplements thereto, to be delivered to holders of Company Common Stock in connection with the solicitation of their approval of this Agreement.

Registration Statement has the meaning set forth in Section 4.12.

Regulatory Approval has the meaning set forth in Section 3.07(a).

Requisite Company Shareholder Approval has the meaning set forth in Section 3.06.

Rights means, with respect to any Person, warrants, options, rights, convertible securities and other securities that obligate the Person to issue or dispose of any of its capital stock or other ownership interests.

Rights Agreement has the meaning set forth in Section 3.38.

SBLF Shares has the meaning set forth in Section 2.08.

SEC means the Securities and Exchange Commission.

Securities Act has the meaning set forth in Section 3.08(a).

Settlement Agreement has the meaning set forth in the recitals.

Software means computer programs, whether in source code or object code form (including any and all related documentation, algorithms, models and methodologies), databases and compilations (including any and all data and code) and related documentation (including user manuals and training materials) related to the foregoing.

Stock Consideration has the meaning set forth in Section 2.01(c).

Stock Conversion Number has the meaning set forth in Section 2.04(a).

Table of Contents

Stock Election has the meaning set forth in Section 2.04(a).

Stock Election Number has the meaning set forth in Section 2.04(a).

Stock Election Shares has the meaning set forth in Section 2.04(a).

Subsidiary means, with respect to any party, any corporation or other entity of which a majority of the interest having ordinary voting power to elect a majority of the board of directors or other persons performing the functions of a board of directors at any time directly or indirectly owned by such party. Any reference in this Agreement to a Company subsidiary otherwise requires, any current or former Subsidiary of Company.

Superior Proposal means any bona fide written Acquisition Proposal with respect to more than 50% of the shares of Company Common Stock then outstanding or all or substantially all of the assets of Company, if the board of directors of Company determines in good faith, after consultation with its financial advisor, to be more favorable to the interests of view to Company's shareholders than the transactions contemplated hereby, (b) that constitutes a transaction in the best judgment of the board of directors of Company, is reasonably likely to be consummated on the terms set forth in the financial, regulatory and other aspects of such proposal, and (c) for which financing, to the extent required, is provided in a written commitment letter.

Surviving Entity shall have the meaning set forth in Section 1.01.

Tax and Taxes mean all federal, state, local or foreign income, gross income, gains, gross receipts, interest, dividends, services, capital, production, transfer, franchise, windfall profits, license, withholding, payroll, employment, excise, estimated, severance, stamp, occupation, property, environmental, custom duties, unemployment, and other taxes whatsoever, together with any interest, additions or penalties thereto and any interest in respect of such taxes.

Tax Returns means any return, declaration or other report (including elections, declarations, schedules) filed or required with respect to any Taxes.

Termination Date has the meaning set forth in Section 7.01(f).

Termination Fee has the meaning set forth in Section 7.02(a).

The date hereof or the date of this Agreement shall mean April 30, 2012.

USA PATRIOT Act means the USA PATRIOT Act of 2001, Public Law 107-56, and the regulations thereunder.

Voting Agreement has the meaning set forth in the recitals.

ARTICLE IX

MISCELLANEOUS

Section 9.01 Survival. No representations, warranties, agreements and covenants contained in this Agreement shall survive the Effective Time (other than agreements or covenants contained herein that by their express terms are to be performed or survive the termination of this Agreement if this Agreement is terminated prior to the Effective Time (other than such agreements or covenants that survive any such termination). Notwithstanding anything in the foregoing to the contrary, no representation, warranty, agreement or covenant shall survive the termination of this Agreement if this Agreement is terminated prior to the Effective Time (other than such agreements or covenants that survive any such termination). Notwithstanding anything in the foregoing to the contrary, no representation, warranty, agreement or covenant shall survive the termination of this Agreement if this Agreement is terminated prior to the Effective Time (other than such agreements or covenants that survive any such termination).

Table of Contents

agreements and covenants contained in this Agreement shall be deemed to be terminated or extinguished by the agreement of any of its affiliates of any defense at law or in equity which otherwise would be available against the company or without limitation any shareholder or former shareholder.

Section 9.02 Waiver: Amendment. Prior to the Effective Time, any provision of this Agreement may be amended or modified by the provision or (b) amended or modified at any time, by an agreement in writing among the parties to this Agreement, except that after the Company Meeting no amendment shall be made which by law requires the approval of the shareholders of Buyer or Company without obtaining such approval.

Section 9.03 Governing Law: Waiver.

(a) This Agreement shall be governed by, and interpreted in accordance with, the laws of The Commonwealth of Massachusetts, notwithstanding any regard for conflict of law provisions.

(b) Each party acknowledges and agrees that any controversy which may arise under this Agreement is a difficult issue, and therefore each such party hereby irrevocably and unconditionally waives any right to a jury trial in respect of any litigation directly or indirectly arising out of or relating to this agreement, or the transactions contemplated by this Agreement. Each party certifies and acknowledges that (i) no representative, agent or attorney of any other party or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver, (ii) each party has considered the implications of this waiver, (iii) each party makes this waiver voluntarily, and (iv) each party enters into this agreement by, among other things, the mutual waivers and certifications in this Section 9.03.

Section 9.04 Expenses. Except as otherwise provided in Section 7.02, each party hereto will bear all expenses incurred in connection with this Agreement and the transactions contemplated hereby, including fees and expenses of its own counsel and counsel, provided that nothing contained herein shall limit either party's rights to recover any liability incurred by the other party's willful breach of any provision of this Agreement.

Section 9.05 Notices. All notices, requests and other communications hereunder to a party shall be in writing and shall be personally delivered, mailed by registered or certified mail (return receipt requested), by properly addressed courier service or by reputable courier service to such party at its address set forth below or such other address as such party may designate to the parties hereto. All notices shall be deemed effective upon delivery.

If to Buyer:

Independent Bank Corp.

288 Union Street

Rockland, Massachusetts 02370

Attention: Edward H. Seksay, General Counsel

Fax: (508) 732-7783

With a copy (which shall not constitute notice) to:

Choate, Hall & Stewart LLP

Two International Place

Boston, MA 02110

Attention: James A. McDaniel, Esq.

Table of Contents

If to Company:

Central Bancorp, Inc.

399 Highland Ave

Somerville, MA 02144

Attention: John D. Doherty, Chairman and Chief Executive Officer

Fax: (617) 629-4247

With a copy (which shall not constitute notice) to:

Kilpatrick Townsend & Stockton LLP

607 14th Street, NW, Suite 900

Washington, DC 20005-2018

Attention: Victor L. Cangelosi, Esq., Harry K. Kantarian, Esq., Edward G. Olifer, Esq.

Fax: (202) 585-0904

Section 9.06 **Entire Understanding; No Third Party Beneficiaries.** This Agreement represents the entire agreement between the parties hereto and thereto with reference to the transactions contemplated hereby, and this Agreement supersedes any other agreements heretofore made. Except for the Indemnified Parties' rights under Section 5.10, which are for the irrevocable benefit of, and shall be enforceable by, each Indemnified Party and his or her heirs and assigns, the parties hereto hereby agree that their respective representations, warranties and covenants set forth herein are solely for the benefit of the parties hereto, in accordance with and subject to the terms of this Agreement, and this Agreement is not intended to benefit any other Person (including any person or Employees who might be affected by Section 5.11), other than the parties hereto. The parties hereto, including, the right to rely upon the representations and warranties set forth herein. The representations and warranties in this Agreement are the product of negotiations among the parties hereto and are for the sole benefit of the parties hereto. Such representations and warranties are subject to waiver by the parties hereto in accordance with Section 5.10 and shall not be enforceable by any other Person. In some instances, the representations and warranties in this Agreement may represent the parties hereto of risks associated with particular matters regardless of the knowledge of any of the parties hereto. The parties hereto may not rely upon the representations and warranties in this Agreement as characterizing the parties' circumstances as of the date of this Agreement or as of any other date.

Section 9.07 **Severability.** In the event that any one or more provisions of this Agreement shall for any reason be held to be unenforceable in any respect, by any court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect the enforceability of the other provisions of this Agreement and the parties shall use their reasonable efforts to substitute a valid, legal provision that, insofar as practical, implements the purposes and intents of this Agreement.

Section 9.08 **Enforcement of the Agreement.** The parties hereto agree that irreparable damage would result if any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. The parties hereto agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and its terms and provisions hereof in any court of the United States or any state having jurisdiction, this being the only remedy which they are entitled at law or in equity.

Section 9.09 **Interpretation.** When a reference is made in this Agreement to sections, exhibits or schedules, it shall mean the section of, or exhibit or schedule to, this Agreement unless otherwise indicated. The table of contents and the exhibits and schedules to this Agreement are for reference purposes only and are not part of this Agreement. Whenever the words "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation."

Table of Contents

Section 9.10 Assignment. No party may assign either this Agreement or any of its rights, interests or obligations without the written approval of the other party. Subject to the preceding sentence, this Agreement shall be binding on and enforceable against the parties hereto and their respective successors and permitted assigns.

Section 9.11 Counterparts. This Agreement may be executed by facsimile and in one or more counterparts, and all such counterparts shall together constitute one and the same agreement and shall become effective when one or more counterparts have been signed and delivered to the other party, it being understood that all parties need not sign the same counterpart. Signatures on an electronic data file shall have the same effect as originals.

[Signature Pages Follow]

Table of Contents

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in counterparts all as of the day and year first above written.

INDEPENDENT

By: /s/ Christo
Name: Christoph
Title: President

ROCKLAND TR

By: /s/ Christo
Name: Christoph
Title: President

CENTRAL BAN

By: /s/ John D
Name: John D. D
Title: Chairman

CENTRAL CO-

By: /s/ John D
Name: John D. D
Title: Chairman

Signature Page of Agreement and Plan of Merger

Table of Contents

VOTING AGREEMENT

This VOTING AGREEMENT (this Agreement) is dated as of April 30, 2012, by and between the Company Common Stock, par value \$1.00 per share, of Central Bancorp, Inc., a Massachusetts corporation (Company), and Buyer Bank Corp., a Massachusetts corporation (Buyer). All capitalized terms used but not defined herein shall have the meanings given to them in the Merger Agreement (defined below).

WHEREAS, concurrently with the execution of this Agreement, Buyer, Buyer Bank, Company and Company shall merge with and into Buyer and, in connection therewith, each outstanding share of Company shall be converted into the right to receive the Merger Consideration;

WHEREAS, Shareholder beneficially owns and has sole or shared voting power with respect to the number of shares of Company Common Stock identified on Exhibit A hereto (such shares, together with all shares of Company Common Stock owned by Shareholder during the term of this Agreement, including through the exercise of any stock option or other right to acquire the Shares, being referred to as the Shares), and holds stock options or other rights to acquire the number of shares of Company Common Stock identified on Exhibit A hereto; and

WHEREAS, it is a material inducement to the willingness of Buyer to enter into the Merger Agreement that Shareholder deliver this Agreement.

NOW, THEREFORE, in consideration of, and as a material inducement to, Buyer entering into the Merger Agreement with the transactions contemplated thereby, and in consideration of the expenses incurred and to be incurred by Shareholder therewith, Shareholder and Buyer agree as follows:

Section 1. Agreement to Vote Shares. Shareholder agrees that, while this Agreement is in effect, at any meeting of the Company, however called, or at any adjournment thereof, or in any other circumstances in which Shareholder is required to give any other approval, except as otherwise agreed to in writing in advance by Buyer, Shareholder shall:

- (a) appear at each such meeting or otherwise cause the Shares to be counted as present for the purpose of determining a quorum; and
- (b) vote (or cause to be voted), in person or by proxy, all the Shares that are beneficially owned by Shareholder as to which Shareholder has, directly or indirectly, the right to vote or direct the vote (or cause to be voted) and approval of the Merger Agreement and the transactions contemplated thereby (including any amendments or modifications of the terms thereof adopted in accordance with the terms thereof); agree that would result in a breach of any covenant, representation or warranty contained in the Merger Agreement or of Shareholder contractually entered into with Buyer (iii) against any Acquisition Proposal or any other action, agreement or transaction that Shareholder reasonably be expected, to impede, interfere or be inconsistent with, delay, postpone or otherwise adversely affect consummation of the transactions contemplated by the Merger Agreement.

Shareholder further agrees not to vote or execute any written consent to rescind or amend in any manner that would, as a shareholder of Company, to approve or adopt the Merger Agreement unless the Merger Agreement is approved in accordance with its terms.

Section 2. No Transfers While this Agreement is in effect, Shareholder agrees not to, directly or indirectly, sell, assign, otherwise dispose of, or enter into any contract option, commitment or other arrangement or understanding that would, in whole or in part, pledge, assignment or other disposition of,

Table of Contents

any of the Shares, except the following transfers shall be permitted: (a) transfers by will or operation of law shall bind the transferee, (b) transfers pursuant to any pledge agreement, subject to the pledgee agreeing in writing to be bound by the terms of this Agreement, (c) transfers in connection with estate and tax planning purposes, including transfers to trusts and other organizations, subject to the transferee agreeing in writing to be bound by the terms of this Agreement, and (d) transfers otherwise permit in its sole discretion. Any transfer or other disposition in violation of the terms of this Agreement shall be null and void.

Section 3. Representations and Warranties of Shareholder. Shareholder represents and warrants to and covenants to Buyer that:

- (a) Shareholder has all requisite capacity and authority to enter into and perform his, her or its obligations under this Agreement.
- (b) This Agreement has been duly executed and delivered by Shareholder, and assuming delivery by Buyer, constitutes the valid and legally binding obligation of Shareholder in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, liquidation or receivership laws of general applicability relating to or affecting creditors' rights and to general principles of law.
- (c) The execution and delivery of this Agreement by Shareholder does not, and the performance of its obligations hereunder and the consummation by Shareholder of the transactions contemplated hereby do not, or conflict with, or constitute a default under, any agreement, instrument, contract or arrangement to which Shareholder is a party or by which Shareholder is bound, and no rule or regulation to which Shareholder is subject or, in the event that Shareholder is not an individual, any other entity, any charter, bylaw or other organizational document of Shareholder.
- (d) Shareholder is the record and beneficial owner of, or is the trustee that is the record owner of, all of the Shares and the beneficial owners are the beneficiaries of, and has good title to all of the Shares and the options set forth in Exhibit A hereto, and the Shares and options are so owned free and clear of any liens, security interests or other encumbrances except as otherwise described on Exhibit A hereto. Shareholder is not, and will not become, a beneficial owner, beneficially, any shares of capital stock of Company other than the Shares (other than the Shares subject to stock options over which Shareholder will have no voting rights until the exercise of such options). The Shares do not include shares over which Shareholder exercises control or influence. No representation by Shareholder is made thereby pursuant to the terms hereof. Shareholder is not, and will not become, a trustee of the Shares, and none of the Shares is subject to any voting trust or other agreement, arrangement or understanding, with respect to the voting of the Shares, except as contemplated by this Agreement.

Section 4. Irrevocable Proxy. Subject to the last sentence of this Section 4, by execution of this Agreement, Shareholder appoints Buyer with full power of substitution and resubstitution, as Shareholder's true and lawful attorney-in-fact, to exercise to the extent of Shareholder's rights with respect to the Shares, to vote, if Shareholder is unable to perform his, her or its obligations under this Agreement, each of such Shares that Shareholder shall be entitled to so vote with respect to the matter to be voted on at the meeting of the shareholders of Company, and at any adjournment or postponement thereof, and in connection with any action of the shareholders of Company taken by written consent. Shareholder intends this proxy to be irrevocable and in full force and effect until the termination of this Agreement pursuant to the terms of Section 7 hereof and hereby revokes any other proxy granted by Shareholder with respect to the Shares. Notwithstanding anything contained herein to the contrary, this proxy shall automatically terminate upon the termination of this Agreement.

Table of Contents

Section 5. No Solicitation. Except as otherwise expressly permitted under Section 5.09 of the Merger Agreement, Shareholder, in his, her or its Company, shall not, nor shall such Shareholder authorize any partner, officer, director, advisor or representative of his, her or its affiliates to (and, to the extent applicable to Shareholder, such Shareholder shall use its best efforts to prohibit any of his, her or its representatives or affiliates to), (a) initiate, solicit, induce or knowingly take any action to facilitate the making of, any inquiry, offer or proposal which constitutes, or could reasonably be expected to result in, an Acquisition Proposal, (b) participate in any discussions or negotiations regarding any Acquisition Proposal, (c) enter into any agreement, agreement in principle, letter of intent, memorandum of understanding or other arrangement with respect to an Acquisition Proposal, (d) solicit proxies or become a participant in a solicitation (as such term is defined in the Exchange Act) with respect to an Acquisition Proposal (other than the Merger Agreement) or otherwise take or plan to take any action that would compete with, restrain or otherwise serve to interfere with or frustrate the Merger in accordance with the terms of the Merger Agreement, (e) initiate a shareholders' vote or call a shareholders' meeting with respect to an Acquisition Proposal, or (f) except by reason of this Agreement, become a voting security holder (as such term is used in Section 13(d) of the Exchange Act) with respect to any voting securities of Company that are subject to an Acquisition Proposal (other than the Merger Agreement).

Section 6. Specific Performance; Remedies; Attorneys Fees. Shareholder acknowledges that it is a party to the Merger Agreement and that it has entered into the Merger Agreement that Shareholder execute and deliver this Agreement and that it will be held liable for the damage to Buyer if Shareholder fails to comply with the obligations imposed by this Agreement and that, in the event of a failure, Buyer will not have an adequate remedy at law or in equity. Accordingly, Shareholder agrees that the remedy is the appropriate remedy for any such failure and will not oppose the granting of such relief or the award of such remedy at law. Shareholder further agrees that Shareholder will not seek, and agrees to waive any right to the award of a bond in connection with Buyer's seeking or obtaining such equitable relief. In addition, after disclosure of the Merger Agreement, Buyer shall have the right to inform any third party that Buyer reasonably believes to be, or to be contacted by, Shareholder or receiving from Shareholder assistance in violation of this Agreement, of the terms of the Merger Agreement, and that participation by any such persons with Shareholder in activities in violation of the Merger Agreement set forth in this Agreement may give rise to claims by Buyer against such third party.

Section 7. Term of Agreement; Termination. The term of this Agreement shall commence on the date of the execution of this Agreement and shall be terminated at any time prior to consummation of the transactions contemplated by the Merger Agreement between the parties hereto, and shall be automatically terminated in the event that the Merger Agreement is terminated or the Merger Agreement is not approved by the Company Shareholder Approval. Upon such termination, no party shall have any further obligations or liabilities under the Merger Agreement; however, such termination shall not relieve any party from liability for any willful breach of this Agreement.

Section 8. Entire Agreement; Amendments. This Agreement supersedes all prior agreements, written or oral, with respect to the subject matter hereof and contains the entire agreement among the parties with respect to the subject matter hereof. This Agreement may not be amended, supplemented or modified, and no provisions hereof may be modified or waived, except in writing signed by each party hereto. No waiver of any provisions hereof by either party shall be deemed a continuing waiver of any provision hereof by any such party, nor shall any such waiver be deemed a continuing waiver of any provision hereof.

Table of Contents

Section 10. Severability. In the event that any one or more provisions of this Agreement shall for any reason be unenforceable in any respect, by any court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect the enforceability of any other provisions of this Agreement and the parties shall use their reasonable efforts to substitute a valid, legal provision, insofar as practical, implements the purposes and intents of this Agreement.

Section 11. Capacity as Shareholder. This Agreement shall apply to Shareholder solely in his or her capacity as a Shareholder and it shall not apply in any manner to Shareholder in his or her capacity as a director, officer or employee of the Company in his or her capacity. Nothing contained in this Agreement shall be deemed to apply to, or limit in any manner, the Company with his or her fiduciary duties as a director of Company.

Section 12. Governing Law. This Agreement shall be governed by, and interpreted in accordance with the law of the Commonwealth of Massachusetts, without regard for conflict of law provisions.

Section 13. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, CLAIM OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREOF. EACH OF THE PARTIES IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT OF THIS AGREEMENT AND OF THE PARTIES HERETO (A) CERTIFIES THAT NO REPRESENTATIVE OF ANY OTHER PARTY HAS BEEN CONTACTED EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF A LITIGATION, ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTY WERE INDUCED TO ENTER INTO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREOF BY OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 13.

Section 14. Waiver of Appraisal Rights; Further Assurances. Provided that the Merger is consummated pursuant to the Merger Agreement, that the consideration offered pursuant to the Merger is not less than that specified in the Merger Agreement on or about the date hereof, and that this Agreement has not been terminated in accordance with its terms, then, to the extent applicable law, Shareholder hereby waives any rights of appraisal or rights to dissent from the Merger in connection with the Merger, in each case, that Shareholder may have under applicable law. From time to time after the date of this Agreement, at the Buyer's request and without further consideration, Shareholder shall execute and take all such further action as may be reasonably necessary or desirable to effect the actions and covenants contemplated by this Agreement. Shareholder further agrees not to, prior to the termination of this Agreement, file or to take all actions necessary to opt out of any class in any class action with respect to, any claim, demand or cause of action against Buyer Bank, Company, Company Bank or any of their respective successors relating to the negotiation, performance or enforcement of this Agreement or the Merger Agreement or the consummation of the Merger.

Section 15. Disclosure. Shareholder hereby authorizes Company and Buyer to publish and disclose information as required by the Securities and Exchange Commission and in the Proxy Statement such Shareholder's obligations and the nature of Shareholder's obligations under this Agreement.

(remainder of page intentionally left blank)

Table of Contents

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first above written.

INDEPENDENT

By:
Name:
Title:

SHAREHOLDER

Name:

Table of Contents

The Board of Directors

Central Bancorp, Inc.

399 Highland Avenue

Somerville, MA 02144

Members of the Board:

You have requested our opinion as investment bankers as to the fairness, from a financial point of view, of the Merger Consideration (as defined below), in the proposed merger (the Merger) of Central Bancorp, Inc. (Central) of the Merger Consideration (as defined below), in the proposed merger (the Merger) of Central Bancorp, Inc. (Central) of the Merger Consideration (as defined below), in the proposed merger (the Merger) of Central Bancorp, Inc. (Central) of the Merger Consideration (as defined below), in the proposed merger (the Merger) of Central Bancorp, Inc. (Central) of the Merger Consideration (as defined below), pursuant to the Agreement and Plan of Merger, dated as of [redacted] and Independent (the Agreement). Pursuant to the terms of the Agreement, each outstanding share of [redacted] share, of Central (the Common Shares) not owned by Central or Independent or by any of their respective affiliates, other than shares owned in a fiduciary capacity or as a result of debts previously contracted, will be cancelled and the holder thereof shall have no right to receive cash in the amount of \$32.00 or shares of common stock of Independent, par value \$0.01 (the Merger Consideration), as more fully described in the Agreement.

Keefe, Bruyette & Woods, Inc, has acted as financial advisor to Central. As part of our investment banking services, we have been engaged in the valuation of bank and bank holding company securities in connection with acquisitions and distributions of listed and unlisted securities, private placements and valuations for various other purposes. In the course of our banking companies, we have experience in, and knowledge of, the valuation of banking enterprises. In the course of our services as a broker-dealer, we may, from time to time purchase securities from, and sell securities to, Central and Independent. As a broker-dealer, we may from time to time have a long or short position in, and buy or sell, debt or equity securities of Central and Independent for our own account and for the accounts of our customers. To the extent we have any such position, our opinion it has been disclosed to Central. We have in the past, and may in the future, provide investment banking services to Independent and receive compensation for such services. We have acted exclusively for Central in rendering this fairness opinion and will receive a fee from Central for our services. Our fee is contingent upon the completion of the Merger.

In connection with this opinion, we have reviewed, analyzed and relied upon material bearing upon the valuation of the Merger Consideration, Central and Independent and the Merger, including among other things, the following: (i) the Agreement and Plan of Merger; (ii) the Stockholders and Annual Reports on Form 10-K for the three years ended March 31, 2011 of Central and Independent; (iii) the three years ended December 31, 2011 of Independent; (iii) certain interim reports to stockholders and certain other communications from Central and Independent to their respective stockholders; (iv) financial information concerning the businesses and operations of Central and Independent furnished to us for the purposes of our analysis. We have also held discussions with senior management of Central and Independent regarding their business operations, regulatory relations, financial condition and future prospects of their respective companies. In addition, we have deemed relevant to our inquiry. In addition, we have compared certain financial and stock market information of Central and Independent with similar information for certain other companies the securities of which are publicly traded and certain recent business combinations in the banking industry and performed such other studies and analyses as we deemed appropriate.

Table of Contents

In conducting our review and arriving at our opinion, we have relied upon the accuracy and completeness of the information provided to us or publicly available and we have not independently verified the accuracy of such information or assumed any responsibility for such verification or accuracy. We have relied upon the representations of the management of Central and Independent as to the reasonableness and achievability of the financial and operating forecasts and projections (and the bases therefore) provided to us, and we have assumed that such forecasts and projections reflect the best estimates and judgments of such managements and that such forecasts and projections will be realized in the amounts and timing estimated by such managements. We are not experts in the independent verification of the adequacy of the allowances and we have assumed, with your consent, that the aggregate allowances for loan and lease losses for Central and Independent to cover such losses. In rendering our opinion, we have not made or obtained any evaluations or appraisals of the liabilities of Central or Independent, nor have we examined any individual credit files.

We have assumed that, in all respects material to our analyses, the following: (i) the Merger will be consummated in accordance with the terms set forth in the Agreement with no additional payments or adjustments to the Merger Consideration and warranties of each party in the Agreement and in all related documents and instruments referred to herein will be correct; (iii) each party to the Agreement and all related documents will perform all of the covenants and obligations to be performed by such party under such documents; (iv) all conditions to the completion of the Merger will be satisfied without modifications to the Agreement; and (v) in the course of obtaining the necessary regulatory, contractual and other approvals for the Merger, no restrictions, including any divestiture requirements, termination or other payments or adjustments, will be imposed that will have a material adverse effect on the future results of operations or financial condition of Central and Independent contemplated benefits of the Merger, including the cost savings, revenue enhancements and related expenses of the Merger.

We have considered such financial and other factors as we have deemed appropriate under the circumstances and the following: (i) the historical and current financial position and results of operations of Central and Independent; (ii) the financial condition of Central and Independent; and (iii) the nature and terms of certain other merger transactions involving Central and Independent. We have also taken into account our assessment of general economic, market and financial conditions and the nature of the transactions, as well as our experience in securities valuation and knowledge of the banking industry generally. Our opinion is based upon conditions as they exist and can be evaluated on the date hereof and the information made available to us hereof. Our opinion does not address the underlying business decision of Central to engage in the Merger or the Merger as compared to any strategic alternatives that may be available to Central.

This opinion addresses only the fairness, from a financial point of view, as of the date hereof, to the holders of Central of the Merger Consideration in the Merger. We express no view or opinion as to any terms or other aspects of the Merger.

Further, we are not expressing any opinion about the fairness of the amount or nature of the compensation to be paid to the directors or employees, or any class of such persons, relative to the compensation to the public shareholders of Central in the Merger.

In addition, this opinion does not in any manner address the prices at which the Independent common stock will be sold at the consummation of the Merger and we express no view or opinion as to how the stockholders of Central should vote at the meeting to be held in connection with the Merger.

This opinion has been reviewed and approved by our Fairness Opinion Committee in conformity with the requirements established under the requirements of Rule 2290 of the Financial Industry Regulatory Authority.

B-2

Table of Contents

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Merger Consideration is fair, reasonable and in the best interests of the Company, from a financial point of view, to holders of the Common Shares.

Very truly yours,

Keefe, Bruyette &

B-3

Table of Contents

ANNEX C MASSACHUSETTS BUSINESS CORPORATION ACT SECTION

PART 13 of CHAPTER 156D OF THE MASSACHUSETTS GENERAL LAWS

[DISSENTERS RIGHTS]

SUBDIVISION A.

RIGHT TO DISSENT AND OBTAIN PAYMENT FOR SHARES

Section 13.01. DEFINITIONS

In this PART the following words shall have the following meanings unless the context requires otherwise:

Affiliate , any person that directly or indirectly through one or more intermediaries controls, is controlled by, or with another person.

Beneficial shareholder , the person who is a beneficial owner of shares held in a voting trust or by a trust.

Corporation , the issuer of the shares held by a shareholder demanding appraisal and, for matters covered by this Part, inclusive, includes the surviving entity in a merger.

Fair value , with respect to shares being appraised, the value of the shares immediately before the effective date of the proposed corporate action which the shareholder demanding appraisal objects, excluding any element of value arising from the effect of the proposed corporate action unless exclusion would be inequitable.

Interest , interest from the effective date of the corporate action until the date of payment, at the average rate then in effect on the corporation on its principal bank loans or, if none, at a rate that is fair and equitable under all the circumstances.

Marketable securities , securities held of record by, or by financial intermediaries or depositories on behalf of, the issuer, which were

(a) listed on a national securities exchange,

(b) designated as a national market system security on an interdealer quotation system by the National Market System, Inc., or

(c) listed on a regional securities exchange or traded in an interdealer quotation system or other trading system for outstanding shares, exclusive of shares held by officers, directors and affiliates, which have a market value of at least \$1,000,000.

Officer , the chief executive officer, president, chief operating officer, chief financial officer, and any other officer of a business unit or function of the issuer.

Person , any individual, corporation, partnership, unincorporated association or other entity.

Record shareholder , the person in whose name shares are registered in the records of a corporation or the extent of the rights granted by a nominee certificate on file with a corporation.

Shareholder , the record shareholder or the beneficial shareholder.

Table of Contents

Section 13.02. RIGHT TO APPRAISAL

- (a) A shareholder is entitled to appraisal rights, and obtain payment of the fair value of his shares in corporate or other actions:
- (1) consummation of a plan of merger to which the corporation is a party if shareholder approval is required by section 11.04 or the articles of organization or if the corporation is a subsidiary that is merged into the corporation by section 11.05, unless, in either case, (A) all shareholders are to receive only cash for their shares in the merger or receive upon a dissolution of the corporation or, in the case of shareholders already holding shares of the corporation, only marketable securities of the surviving corporation and/or cash and (B) no shareholder has a direct or indirect material financial interest in the merger other than in his capacity as a shareholder of the corporation, (ii) a director, officer, employee or consultant of either the merging or the surviving corporation if his financial interest is pursuant to bona fide arrangements with either corporation or any such affiliate, or (iii) in any other capacity so long as the shareholder owns not more than five percent of the voting shares of all classes and series of the corporation in the aggregate;
 - (2) consummation of a plan of share exchange in which his shares are included unless: (A) both the shares to be acquired and the obligations or other securities to be acquired are marketable securities; and (B) no director, officer, employee or consultant of either corporation whose shares are to be exchanged, (ii) a director, officer, employee or consultant of either corporation whose shares are to be exchanged or the acquiring corporation or of any affiliate of the acquiring corporation if his financial interest is pursuant to bona fide arrangements with either corporation or any such affiliate, or (iii) in any other capacity so long as the shareholder owns not more than five percent of the voting shares of all classes and series of the corporation to be exchanged in the aggregate;
 - (3) consummation of a sale or exchange of all, or substantially all, of the property of the corporation subject to section 12.02, or a sale or exchange of all, or substantially all, of the property of the corporation if:
 - (i) his shares are then redeemable by the corporation at a price not greater than the cash value of his shares; or
 - (ii) the sale or exchange is pursuant to court order; or
 - (iii) in the case of a sale or exchange of all or substantially all the property of the corporation, the approval of shareholders for the sale or exchange is conditioned upon the dissolution of the corporation and the distribution in cash or, if his shares are marketable securities, in marketable securities of its net assets, in excess of a reasonable amount reserved to meet unknown claims and liabilities, to the shareholders in accordance with their respective interests within one year after the sale or exchange, and the shareholder has a direct or indirect material financial interest in the sale or exchange as (i) a shareholder of the corporation, (ii) a director, officer, employee or consultant of either corporation or of any affiliate of the acquiring corporation if his financial interest is pursuant to bona fide arrangements with either corporation or any such affiliate, or (iii) in any other capacity so long as the shareholder owns not more than five percent of the voting shares of all classes and series of the corporation;
 - (4) an amendment of the articles of organization that materially and adversely affects rights in the corporation because it:

- (i) creates, alters or abolishes the stated rights or preferences of the shares with respect to dissolution, including making non-cumulative in whole or in part a dividend thereon

C-2

Table of Contents

- (ii) creates, alters or abolishes a stated right in respect of conversion or redemption, including sinking fund or purchase, of the shares;
 - (iii) alters or abolishes a preemptive right of the holder of the shares to acquire shares or
 - (iv) excludes or limits the right of the holder of the shares to vote on any matter, or to cur may be limited by voting rights given to new shares then being authorized of an exist
 - (v) reduces the number of shares owned by the shareholder to a fraction of a share if the to be acquired for cash under section 6.04;
- (5) an amendment of the articles of organization or of the bylaws or the entering into by the co the shareholder is not a party that adds restrictions on the transfer or registration or any out shareholder or amends any pre-existing restrictions on the transfer or registration of his sha adverse to the ability of the shareholder to transfer his shares;
- (6) any corporate action taken pursuant to a shareholder vote to the extent the articles of organi board of directors provides that voting or nonvoting shareholders are entitled to appraisal;
- (7) consummation of a conversion of the corporation to nonprofit status pursuant to subdivision
- (8) consummation of a conversion of the corporation into a form of other entity pursuant to sub
- (b) Except as otherwise provided in subsection (a) of section 13.03, in the event of corporate action (8) of subsection (a), a shareholder may assert appraisal rights only if he seeks them with respect or series.
- (c) Except as otherwise provided in subsection (a) of section 13.03, in the event of an amendment to in clause (4) of subsection (a) or in the event of an amendment of the articles of organization or t the shareholder is not a party specified in clause (5) of subsection (a), a shareholder may assert a shares adversely affected by the amendment or agreement only if he seeks them as to all of such amendment to the articles of organization or the bylaws, has not voted any of his shares of any cl amendment.
- (d) The shareholder's right to obtain payment of the fair value of his shares shall terminate upon the events:
- (i) the proposed action is abandoned or rescinded; or
 - (ii) a court having jurisdiction permanently enjoins or sets aside the action; or

(iii) the shareholder's demand for payment is withdrawn with the written consent of the

(e) A shareholder entitled to appraisal rights under this chapter may not challenge the action creating the appraisal right if the action is unlawful or fraudulent with respect to the shareholder or the corporation.

Section 13.03. ASSERTION OF RIGHTS BY NOMINEES AND BENEFICIAL OWNERS

(a) A record shareholder may assert appraisal rights as to fewer than all the shares registered in the name of the record shareholder only if the record shareholder objects with respect to all shares of the corporation owned by a beneficial shareholder and notifies the corporation in writing of the objection.

C-3

Table of Contents

writing of the name and address of each beneficial shareholder on whose behalf appraisal rights are asserted of a record shareholder who asserts appraisal rights for only part of the shares held of record in the corporation under this subsection shall be determined as if the shares as to which the record shareholder objects and other shares were registered in the names of different record shareholders.

(b) A beneficial shareholder may assert appraisal rights as to shares of any class or series held on behalf of the shareholder:

(1) submits to the corporation the record shareholder's written consent to the assertion of such rights as set forth in subclause (ii) of clause (2) of subsection (b) of section 13.22; and

(2) does so with respect to all shares of the class or series that are beneficially owned by the beneficial shareholder.

SUBDIVISION B.

PROCEDURE FOR EXERCISE OF APPRAISAL RIGHTS

Section 13.20. NOTICE OF APPRAISAL RIGHTS

(a) If proposed corporate action described in subsection (a) of section 13.02 is to be submitted to a vote and, in the solicitation of written consents, the meeting notice or solicitation of consents shall state that the corporation and its shareholders are, are not or may be entitled to assert appraisal rights under this Part and refer to the section of the Charter before the vote is taken, written notice of his intent to demand payment and to the requirement that he exercise appraisal rights before the proposed action. If the corporation concludes that appraisal rights are or may be available, a copy of the notice shall be sent to those record shareholders entitled to exercise appraisal rights.

(b) In a merger pursuant to section 11.05, the parent corporation shall notify in writing all record shareholders entitled to assert appraisal rights that the corporate action became effective. Such notice shall be sent to the record shareholders as soon as the corporate action became effective and include the materials described in section 13.22.

Section 13.21. NOTICE OF INTENT TO DEMAND PAYMENT

(a) If proposed corporate action requiring appraisal rights under section 13.02 is submitted to vote at a meeting, a shareholder who wishes to assert appraisal rights with respect to any class or series of shares:

(1) shall deliver to the corporation before the vote is taken written notice of the shareholder's intent to exercise appraisal rights with respect to the proposed action is effectuated; and

(2) shall not vote, or cause or permit to be voted, any shares of such class or series in favor of the proposed action.

(b) A shareholder who does not satisfy the requirements of subsection (a) is not entitled to payment under section 13.22.

Section 13.22. APPRAISAL NOTICE AND FORM

(a) If proposed corporate action requiring appraisal rights under subsection (a) of section 13.02 becomes effective, the shareholder shall deliver a written appraisal notice and form required by clause (1) of subsection (b) to all shareholders who, under section 13.21 or, if the action was taken by written consent, did not consent. In the case of a merger, the shareholder shall deliver a written appraisal notice and form to all record shareholders who may be entitled to assert appraisal rights.

Table of Contents

(b) The appraisal notice shall be sent no earlier than the date the corporate action became effective and must:

- (1) supply a form that specifies the date of the first announcement to shareholders of the principal action and requires the shareholder asserting appraisal rights to certify (A) whether or not the shares for which appraisal rights are asserted was acquired before that date and (B) that the shareholder is the beneficial owner of the shares;
- (2) state:
 - (i) where the form shall be sent and where certificates for certificated shares shall be deposited, which date may not be earlier than the date for receipt of the form;
 - (ii) a date by which the corporation shall receive the form which date may not be fewer than 10 days after the date the subsection (a) appraisal notice and form are sent, and state that the shareholder has waived the right to demand appraisal with respect to the shares unless the form is received by the corporation on or before such specified date;
 - (iii) the corporation's estimate of the fair value of the shares;
 - (iv) that, if requested in writing, the corporation will provide, to the shareholder so requested, the date specified in clause (ii) the number of shareholders who return the forms by the specified date and the shares owned by them; and
 - (v) the date by which the notice to withdraw under section 13.23 shall be received, which date may not be later than the date specified in subclause (ii) of this subsection; and

(3) be accompanied by a copy of this chapter.

Section 13.23. PERFECTION OF RIGHTS; RIGHT TO WITHDRAW

(a) A shareholder who receives notice pursuant to section 13.22 and who wishes to exercise appraisal rights shall execute and return the form and, in the case of certificated shares, shall deposit the form and the certificates in accordance with the terms of the notice by the date referred to in the notice pursuant to subsection (b) of section 13.22. Once a shareholder deposits that shareholder's certificates or, in the case of uncertificated shares, returns the executed forms, that shareholder loses all rights as a shareholder, unless the shareholder withdraws the appraisal rights pursuant to subsection (b).

(b)

A shareholder who has complied with subsection (a) may nevertheless decline to exercise appraisal rights by so notifying the corporation in writing by the date set forth in the appraisal notice. A shareholder who fails to so withdraw from the appraisal process by the date set forth in the appraisal notice shall be deemed to have elected to participate in the appraisal process. A shareholder who fails to so withdraw from the appraisal process without the corporation's written consent.

- (c) A shareholder who does not execute and return the form and, in the case of certificated shares, documents where required, each by the date set forth in the notice described in subsection (b) of this section shall not be entitled to payment under this chapter.

Section 13.24. PAYMENT

- (a) Except as provided in section 13.25, within 30 days after the form required by subclause (ii) of clause (a) of section 13.22 is due, the corporation shall pay in cash to those shareholders who complied with subsection (a) of section 13.22 the amount the corporation estimates to be the fair value of their shares, plus interest.

C-5

Table of Contents

(b) The payment to each shareholder pursuant to subsection (a) shall be accompanied by:

- (1) financial statements of the corporation that issued the shares to be appraised, consisting of a balance sheet as of the end of the fiscal year ending not more than 16 months before the date of payment, an income statement for that year, and changes in shareholders' equity for that year, and the latest available interim financial statements;
- (2) a statement of the corporation's estimate of the fair value of the shares, which estimate shall be based on the estimate given pursuant to subclause (iii) of clause (2) of subsection (b) of section 13.22; and
- (3) a statement that shareholders described in subsection (a) have the right to demand further payment of the shares; if any such shareholder does not do so within the time period specified therein, such shareholder shall be deemed to have accepted the payment in full satisfaction of the corporation's obligations under this chapter.

Section 13.25. AFTER-ACQUIRED SHARES

- (a) A corporation may elect to withhold payment required by section 13.24 from any shareholder whose ownership of all of the shareholder's shares for which appraisal rights are asserted was acquired after the date the appraisal notice sent pursuant to clause (1) of subsection (b) of section 13.22.
- (b) If the corporation elected to withhold payment under subsection (a), it must, within 30 days after the date that clause (2) of subsection (b) of section 13.22 is due, notify all shareholders who are described in subsection (a) of:
 - (1) of the information required by clause (1) of subsection (b) of section 13.24;
 - (2) of the corporation's estimate of fair value pursuant to clause (2) of subsection (b) of said section 13.24;
 - (3) that they may accept the corporation's estimate of fair value, plus interest, in full satisfaction of their demand for appraisal under section 13.26;
 - (4) that those shareholders who wish to accept the offer shall so notify the corporation of their acceptance within 30 days after receiving the offer; and
 - (5) that those shareholders who do not satisfy the requirements for demanding appraisal under section 13.26 shall be deemed to have accepted the corporation's offer.
- (c) Within 10 days after receiving the shareholder's acceptance pursuant to subsection (b), the corporation shall pay the amount it offered under clause (2) of subsection (b) to each shareholder who agreed to accept the offer in full satisfaction of the shareholder's demand.

- (d) Within 40 days after sending the notice described in subsection (b), the corporation must pay in full under clause (2) of subsection (b) to each shareholder the amount of the payment under clause (5) of subsection (b).

Section 13.26. PROCEDURE IF SHAREHOLDER DISSATISFIED WITH PAYMENT OR OFFER

- (a) A shareholder paid pursuant to section 13.24 who is dissatisfied with the amount of the payment of that shareholder's estimate of the fair value of the shares and demand payment of that estimate under section 13.24. A shareholder offered payment under section 13.25 who is dissatisfied with that offer of payment of the shareholder's stated estimate of the fair value of the shares plus interest.
- (b) A shareholder who fails to notify the corporation in writing of that shareholder's demand to be paid the fair value plus interest under subsection (a) within 30 days after

C-6

Table of Contents

receiving the corporation's payment or offer of payment under section 13.24 or section 13.25, receive payment under this section and shall be entitled only to the payment made or offered pursuant to **SUBDIVISION C.**

JUDICIAL APPRAISAL OF SHARES

Section 13.30. COURT ACTION

- (a) If a shareholder makes demand for payment under section 13.26 which remains unsettled, the court shall commence an equitable proceeding within 60 days after receiving the payment demand and petition the court to appraise the value of the shareholder's shares and accrued interest. If the corporation does not commence the proceeding within the 60-day period, the shareholder shall be entitled to the amount the shareholder demanded pursuant to section 13.26 plus interest.
- (b) The corporation shall commence the proceeding in the appropriate court of the county where the corporation has its principal office, or, if none, its registered office, in the commonwealth is located. If the corporation is a foreign corporation, the proceeding shall be commenced in the commonwealth, it shall commence the proceeding in the county in the commonwealth where the principal office of the domestic corporation merged with the foreign corporation was located at the time of the transaction.
- (c) The corporation shall make all shareholders, whether or not residents of the commonwealth, who are entitled to the proceeding as an action against their shares, and all parties shall be served with a copy of the order of appraisal by registered or certified mail or by publication as provided by law or otherwise as ordered by the court.
- (d) The jurisdiction of the court in which the proceeding is commenced under subsection (b) is plenary. The court may appoint 1 or more persons as appraisers to receive evidence and recommend a decision on the value of the shares. The appraisers shall have the powers described in the order appointing them, or in any amendment to the order. Shareholders demanding appraisal rights are entitled to the same discovery rights as parties in other civil proceedings.
- (e) Each shareholder made a party to the proceeding is entitled to judgment (i) for the amount, if any, paid by the corporation to the shareholder, plus interest, if the value of the shareholder's shares, plus interest, exceeds the amount paid by the corporation to the shareholder; or (ii) for the fair value, plus interest, of the shareholder's shares for which the corporation elected to withhold payment.

Section 13.31. COURT COSTS AND COUNSEL FEES

- (a) The court in an appraisal proceeding commenced under section 13.30 shall determine all costs of the proceeding, including reasonable compensation and expenses of appraisers appointed by the court. The court shall assess the costs of the proceeding against the corporation, except that the court may assess cost against all or some of the shareholders demanding appraisal if the court finds to the extent the court finds such shareholders acted arbitrarily, vexatiously, or not in good faith in commencing the proceeding under this chapter.
- (b) The court in an appraisal proceeding may also assess the fees and expenses of counsel and expert witnesses against the corporation in amounts the court finds equitable:
 - (1) against the corporation and in favor of any or all shareholders demanding appraisal if the corporation does not substantially comply with the requirements of sections 13.20, 13.22, 13.24 or 13.25; or

- (2) against either the corporation or a shareholder demanding appraisal, in favor of any other party against whom the fees and expenses are assessed acted arbitrarily, vexatiously, or not in good faith as provided by this chapter.

C-7

Table of Contents

- (c) If the court in an appraisal proceeding finds that the services of counsel for any shareholder were shared by shareholders similarly situated, and that the fees for those services should not be assessed against the corporation, the court shall award to such counsel reasonable fees to be paid out of the amounts awarded the shareholders who were similarly situated.
- (d) To the extent the corporation fails to make a required payment pursuant to sections 13.24, 13.25, 13.26, and 13.27, the corporation, directly for the amount owed and, to the extent successful, shall be entitled to recover from the corporation the amount of the suit, including counsel fees.

C-8