# Century <br> Bancorp, Inc. 

## NEWS RELEASE

## FOR IMMEDIATE RELEASE

Contact: William P. Hornby, CPA<br>whornby@century-bank.com

Phone: 781-393-4630
Fax: 781-393-4071

## CENTURY BANCORP, INC. ANNOUNCES 12\% EARNINGS GROWTH FOR 2009; 25\% ASSET GROWTH TO \$2.3BB; REGULAR DIVIDEND DECLARED

Medford, MA, January 19, 2010---Century Bancorp, Inc. (NASDAQ:CNBKA) (www.centurybank.com) ("the Company") today announced net income of \$10,160,000 for the year ended December 31, 2009, or $\$ 1.84$ per share diluted, an increase of $12.3 \%$ when compared to net income of $\$ 9,046,000$, or $\$ 1.63$ per share diluted, for the same period a year ago. For the quarter ended December 31, 2009, net income totaled $\$ 3,085,000$, or $\$ 0.56$ per share diluted, an increase of $9.8 \%$ when compared to net income of $\$ 2,811,000$, or $\$ 0.51$ per share diluted, for the same period a year ago. Total assets increased 25.1\% from $\$ 1.8$ billion at December 31, 2008 to $\$ 2.3$ billion at December 31, 2009.

On May 22, 2009, the FDIC announced a special assessment on insured institutions as part of its efforts to rebuild the Deposit Insurance Fund and help maintain public confidence in the banking system. The special assessment was five basis points of each FDIC-insured depository institution's assets minus Tier 1 capital, as of June 30, 2009. The Company recorded a pre-tax charge of approximately $\$ 1.0$ million in the second quarter of 2009 in connection with the special assessment.

Net interest income totaled $\$ 47.9$ million for the year ended December 31, 2009 compared to $\$ 44.8$ million for 2008. The $6.9 \%$ increase in net interest income for the period is mainly due to a $22.3 \%$ increase in the average balances of earning assets, combined with a similar increase in deposits. The increased volume was partially offset by a decrease of thirty-four basis points in the net interest margin. The net interest margin decreased from $3.00 \%$ on a fully taxable equivalent basis in 2008 to $2.66 \%$ on the same basis for 2009.

The provision for loan losses increased by $\$ 2.2$ million from $\$ 4.4$ million for the year ended December 31, 2008 to $\$ 6.6$ million, in 2009, as a result of increases in loans on nonaccrual as well as continued deterioration in overall economic conditions such as increased unemployment. The Company capitalized on favorable market conditions and realized $\$ 2.7$ million of net gains on sales of investments during the year ended December 31, 2009. Included in operating expenses for the year ended December 31, 2009 are FDIC assessments of $\$ 3.3$ million, as compared to $\$ 613,000$ for 2008. FDIC assessments increased primarily as a result of the special assessment charge of approximately $\$ 1.0$ million recorded in the second quarter of 2009 as well as an increase in the assessment rate beginning the second quarter of 2009.

The Company's effective tax rate declined from $20.0 \%$ in 2008 to $10.4 \%$ in 2009 primarily as a result of an increase in tax-exempt income.

At December 31, 2009, total equity was $\$ 132.7$ million compared to $\$ 120.5$ million at December 31, 2008. The Company's equity increased as a result of earnings and a decrease in accumulated other comprehensive loss, net of taxes, offset somewhat by dividends paid. The Company's leverage ratio stood at $7.73 \%$ at December 31, 2009, compared to $9.05 \%$ at December 31, 2008. This decline in the leverage ratio is due to an increase in assets, offset by an increase in stockholders' equity. Book value as of December 31, 2009 was $\$ 24.00$ per share compared to $\$ 21.76$ at December 31, 2008.

The Company's allowance for loan losses was $\$ 12.4$ million or $1.41 \%$ of loans outstanding at December 31, 2009, compared to $\$ 11.1$ million, or $1.33 \%$ of loans outstanding at December 31, 2008. Non-performing assets totaled $\$ 12.3$ million at December 31, 2009, compared to $\$ 3.7$ million at December 31, 2008. Non-performing assets increased primarily as a result of three loan relationships, one primarily commercial real estate and two construction.

The Company's Board of Directors voted a regular quarterly dividend of 12.00 cents ( $\$ 0.12$ ) per share on the Company's Class A common stock, and 6.00 cents ( $\$ 0.06$ ) per share on the Company's Class B common stock. The dividends were declared payable February 16, 2010 to stockholders of record on February 1, 2010.

The Company, through its subsidiary bank, Century Bank and Trust Company, a state chartered full service commercial bank, operating twenty-two full-service branches in the Greater Boston area, offers a full range of Business, Personal and Institutional Services.

Century Bank and Trust Company is a member of the FDIC and is an Equal Housing Lender.
This press release contains certain "forward-looking statements" with respect to the financial condition, results of operations and business of the Company. Actual results may differ from those contemplated by these statements. The Company wishes to caution readers not to place undue reliance on any forward-looking statements. The Company disclaims any intent or obligation to update publicly any such forward-looking statements, whether in response to new information, future events or otherwise.

Century Bancorp, Inc. and Subsidiaries
Consolidated Comparative Statements of Condition (unaudited)
(in thousands)

| Assets | $\begin{gathered} \text { December 31, } \\ 2009 \end{gathered}$ | $\begin{gathered} \text { December 31, } \\ 2008 \end{gathered}$ |
| :---: | :---: | :---: |
| Cash and Due From Banks | \$ 42,627 | \$ 61,195 |
| Federal Funds Sold and Interest-bearing Deposits In Other Banks | 356,015 | 94,973 |
| Short-term Investments | 18,518 | 43,814 |
| Securities Available-For-Sale (AFS) | 647,796 | 495,585 |
| Securities Held-to-Maturity | 217,643 | 184,047 |
| Federal Home Loan Bank of Boston stock, at cost | 15,531 | 15,531 |
| Loans: |  |  |
| Commercial \& Industrial | 141,061 | 141,373 |
| Construction \& Land Development | 60,349 | 59,511 |
| Commercial Real Estate | 361,823 | 332,325 |
| Residential Real Estate | 188,096 | 194,644 |
| Consumer and Other | 7,720 | 9,258 |
| Home Equity | 118,076 | 98,954 |
| Total Loans | 877,125 | 836,065 |
| Less: Allowance for Loan Losses | 12,373 | 11,119 |
| Net Loans | 864,752 | 824,946 |
| Bank Premises and Equipment | 21,015 | 22,054 |
| Accrued Interest Receivable | 5,806 | 6,723 |
| Goodwill | 2,714 | 2,714 |
| Core Deposit Intangible | 896 | 1,283 |
| Other Assets | 60,722 | 48,701 |
| Total Assets | \$ 2,254,035 | \$ 1,801,566 |
| Liabilities |  |  |
| Demand Deposits | \$ 279,874 | \$ 277,217 |
| Interest Bearing Deposits: |  |  |
| Savings and NOW Deposits | 575,592 | 353,261 |
| Money Market Accounts | 553,883 | 308,177 |
| Time Deposits | 292,638 | 326,872 |
| Total Interest Bearing | 1,422,113 | 988,310 |
| Total Deposits | 1,701,987 | 1,265,527 |
| Borrowed Funds: |  |  |
| Securities Sold Under Agreements to Repurchase | 118,745 | 112,510 |
| Other Borrowed Funds | 234,024 | 238,558 |
| Total Borrowed Funds | 352,769 | 351,068 |
| Other Liabilities | 30,466 | 28,385 |
| Subordinated Debentures | 36,083 | 36,083 |
| Total Liabilities | 2,121,305 | 1,681,063 |
| Total Stockholders' Equity | 132,730 | 120,503 |
| Total Liabilities \& Stockholders' Equity | \$ 2,254,035 | \$ 1,801,566 |

Century Bancorp, Inc. and Subsidiaries
Consolidated Comparative Statements of Income (unaudited)
For the Quarter and Year Ended December 31, 2009 and 2008 (in thousands)

|  | Quarter Ended December 31, |  |  |  | Year Ended December 31, |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 2009 |  | 2008 |  | 2009 |  | 2008 |  |
| Interest Income: |  |  |  |  |  |  |  |  |
| Loans | \$ | 12,266 | \$ | 12,576 | \$ | 48,199 | \$ | 49,303 |
| Securities Held-to-Maturity |  | 1,763 |  | 2,075 |  | 8,093 |  | 8,265 |
| Securities Available-for-Sale |  | 5,397 |  | 5,613 |  | 21,137 |  | 20,312 |
| Federal Funds Sold and Interest-bearing Deposits In Other Banks |  | 360 |  | 306 |  | 2,171 |  | 2,813 |
| Total Interest Income |  | 19,786 |  | 20,570 |  | 79,600 |  | 80,693 |
| Interest Expense: |  |  |  |  |  |  |  |  |
| Savings and NOW Deposits |  | 1,386 |  | 1,409 |  | 5,258 |  | 6,005 |
| Money Market Accounts |  | 1,181 |  | 1,780 |  | 6,100 |  | 7,260 |
| Time Deposits |  | 1,973 |  | 2,402 |  | 9,438 |  | 9,744 |
| Securities Sold Under Agreements to Repurchase |  | 153 |  | 188 |  | 576 |  | 1,393 |
| Other Borrowed Funds and Subordinated Debentures |  | 2,644 |  | 2,859 |  | 10,351 |  | 11,512 |
| Total Interest Expense |  | 7,337 |  | 8,638 |  | 31,723 |  | 35,914 |
| Net Interest Income |  | 12,449 |  | 11,932 |  | 47,877 |  | 44,779 |
| Provision For Loan Losses |  | 2,475 |  | 1,450 |  | 6,625 |  | 4,425 |
| Net Interest Income After |  |  |  |  |  |  |  |  |
| Provision for Loan Losses |  | 9,974 |  | 10,482 |  | 41,252 |  | 40,354 |
| Other Operating Income |  |  |  |  |  |  |  |  |
| Service Charges on Deposit Accounts |  | 1,943 |  | 2,149 |  | 8,003 |  | 8,190 |
| Lockbox Fees |  | 660 |  | 654 |  | 2,814 |  | 2,953 |
| Net Gain on Sales of Investments |  | 1,619 |  | - |  | 2,734 |  | 249 |
| Write-down of Certain Investments to Fair Value |  | - |  | - |  | - |  | (76) |
| Other Income |  | 639 |  | 696 |  | 2,919 |  | 2,659 |
| Total Other Operating Income |  | 4,861 |  | 3,499 |  | 16,470 |  | 13,975 |
| Operating Expenses |  |  |  |  |  |  |  |  |
| Salaries and Employee Benefits |  | 6,737 |  | 6,572 |  | 26,919 |  | 25,615 |
| Occupancy |  | 1,033 |  | 1,093 |  | 4,104 |  | 4,246 |
| Equipment |  | 546 |  | 675 |  | 2,372 |  | 2,874 |
| FDIC Assessment |  | 582 |  | 223 |  | 3,336 |  | 613 |
| Other |  | 2,520 |  | 2,287 |  | 9,648 |  | 9,680 |
| Total Operating Expenses |  | 11,418 |  | 10,850 |  | 46,379 |  | 43,028 |
| Income Before Income Taxes |  | 3,417 |  | 3,131 |  | 11,343 |  | 11,301 |
| Income Tax Expense |  | 332 |  | 320 |  | 1,183 |  | 2,255 |
| Net Income | \$ | 3,085 | \$ | 2,811 | \$ | 10,160 | \$ | 9,046 |

Century Bancorp, Inc. and Subsidiaries
Consolidated Year-to-Date Average Comparative Statements of Condition (unaudited) (in thousands)

| Assets | $\begin{gathered} \text { December 31, } \\ 2009 \\ \hline \end{gathered}$ |  | $\begin{gathered} \text { December 31, } \\ 2008 \\ \hline \end{gathered}$ |  |
| :---: | :---: | :---: | :---: | :---: |
| Cash and Due From Banks | \$ | 57,573 | \$ | 58,398 |
| Federal Funds Sold and Interest-Bearing Deposits in Other Banks |  | 245,002 |  | 114,262 |
| Securities Available-For-Sale (AFS) |  | 611,246 |  | 473,344 |
| Securities Held-to-Maturity |  | 193,520 |  | 193,584 |
| Total Loans |  | 853,422 |  | 775,337 |
| Less: Allowance for Loan Losses |  | 13,330 |  | 9,997 |
| Net Loans |  | 840,092 |  | 765,340 |
| Unrealized Gain on Securities AFS |  | 4,766 |  | (291) |
| Bank Premises and Equipment |  | 21,382 |  | 22,393 |
| Accrued Interest Receivable |  | 7,046 |  | 7,061 |
| Goodwill |  | 2,714 |  | 2,714 |
| Core Deposit Intangible |  | 1,094 |  | 1,485 |
| Other Assets |  | 49,408 |  | 45,070 |
| Total Assets | \$ | 2,033,843 | \$ | 1,683,360 |
| Liabilities |  |  |  |  |
| Demand Deposits | \$ | 277,300 | \$ | 267,966 |
| Interest Bearing Deposits: |  |  |  |  |
| Savings and NOW Deposits |  | 528,974 |  | 369,687 |
| Money Market Accounts |  | 432,159 |  | 308,432 |
| Time Deposits |  | 318,412 |  | 273,925 |
| Total Interest Bearing |  | 1,279,545 |  | 952,044 |
| Total Deposits |  | 1,556,845 |  | 1,220,010 |
| Borrowed Funds: |  |  |  |  |
| Securities Sold Under Agreements to Repurchase |  | 98,635 |  | 94,526 |
| Other Borrowed Funds |  | 183,630 |  | 189,660 |
| Total Borrowed Funds |  | 282,265 |  | 284,186 |
| Other Liabilities |  | 31,289 |  | 21,363 |
| Subordinated Debentures |  | 36,083 |  | 36,083 |
| Total Liabilities |  | 1,906,482 |  | 1,561,642 |
| Total Stockholders' Equity |  | 127,361 |  | 121,718 |
| Total Liabilities \& Stockholders' Equity | \$ | 2,033,843 | \$ | 1,683,360 |
| Total Average Earning Assets - QTD | \$ | 2,020,576 | \$ | 1,611,937 |
| Total Average Earning Assets - YTD | \$ | 1,903,190 | \$ | 1,556,527 |

Century Bancorp, Inc. and Subsidiaries
Consolidated Selected Key Financial Information (unaudited)
(in thousands, except share
Performance Measures:
Earnings per average share, basic, quarter
Earnings per average share, diluted, quarter
Earnings per average share, basic, year-to-date
Earnings per average share, diluted, year-to-date
Return on average assets, year-to-date
Return on average stockholders' equity, year-to-date
Net interest margin (taxable equivalent), quarter
Net interest margin (taxable equivalent), year-to-date
Efficiency ratio, year-to-date
Book value per share
Tangible book value per share
Tangible capital / tangible assets

Common Share Data:
Average shares outstanding, basic, quarter
Average shares outstanding, basic, year-to-date
Average shares outstanding, diluted, quarter
Average shares outstanding, diluted, year-to-date
Shares outstanding Class A
Shares outstanding Class B Total shares outstanding at period end

| December 31, | December 31, <br> 2009 |
| :---: | :---: | December 31, 2008


|  |  |  |  |
| :--- | :---: | :---: | :---: |
|  |  |  |  |
| $\$$ | 0.56 | $\$$ | 0.51 |
| $\$$ | 0.56 | $\$$ | 0.51 |
| $\$$ | 1.84 | $\$$ | 1.63 |
| $\$$ | 1.84 | $\$$ | 1.63 |
|  | $0.50 \%$ |  | $0.54 \%$ |
|  | $7.98 \%$ |  | $7.43 \%$ |
|  | $2.63 \%$ |  | $3.16 \%$ |
|  | $2.66 \%$ |  | $3.00 \%$ |
|  | $68.5 \%$ |  | $70.6 \%$ |
| $\$$ | 24.00 | $\$$ | 21.76 |
| $\$$ | 23.35 | $\$$ | 21.04 |
|  | $5.74 \%$ |  | $6.48 \%$ |

