



## NEWS RELEASE

---

FOR IMMEDIATE RELEASE

Contact: William P. Hornby, CPA  
[whornby@centurybank.com](mailto:whornby@centurybank.com)

Phone: 781-393-4630

Fax: 781-393-4071

**CENTURY BANCORP, INC. ANNOUNCES 4TH CONSECUTIVE YEAR OF RECORD EARNINGS FOR 2013, UP 5%; ASSET GROWTH OF 11% TO RECORD SIZE OF \$3.4 BB; REGULAR DIVIDEND DECLARED**

**Medford, MA, January 21, 2014**---Century Bancorp, Inc. (NASDAQ:CNBKA) ([www.centurybank.com](http://www.centurybank.com)) (“the Company”) today announced net income of \$20,046,000 for the year ended December 31, 2013, or \$3.61 per Class A share diluted, an increase of 5.3% compared to net income of \$19,039,000, or \$3.43 per Class A share diluted, for the same period a year ago. Total assets increased 11.2% from \$3.1 billion at December 31, 2012 to \$3.4 billion at December 31, 2013. For the quarter ended December 31, 2013, net income totaled \$5,025,000, or \$0.90 per Class A share diluted, an increase of 5.2% compared to net income of \$4,778,000, or \$0.86 per Class A share diluted, for the same period a year ago.

Net interest income totaled \$61.0 million for the year ended December 31, 2013 compared to \$62.0 million for the same period in 2012. The 1.6% decrease in net interest income for the period is primarily due to \$3.3 million of prepayment penalties collected during 2012 compared to \$491,000 for 2013. The net interest margin decreased from 2.51% on a fully taxable equivalent basis in 2012 to 2.21% on the same basis for 2013. This was primarily the result of a decrease in asset yields. Also, interest expense decreased primarily as a result of the continued decline in market rates and there was a 13.6% increase in the average balances of earning assets, combined with a similar increase in average deposits.

The provision for loan losses decreased by \$1.4 million from \$4.2 million for the year ended December 31, 2012 to \$2.7 million for the year ended December 31, 2013, primarily as a result of a lower level of charge-off activity and changes in portfolio composition. The Company capitalized on favorable market conditions for the year ended December 31, 2013 and realized net gains on sales of investments of \$3.0 million, as compared to \$1.8 million for the same period in 2012. The Company’s effective tax rate decreased from 6.8% in 2012 to 4.8% in 2013 primarily as a result of an increase in tax-exempt income.

-more-

At December 31, 2013, total equity was \$176.5 million compared to \$180.0 million at December 31, 2012. The Company's equity decreased primarily as a result of an increase in other comprehensive loss, net of taxes, and dividends paid, offset somewhat by earnings. Other comprehensive loss, net of taxes, increased as a result of an increase in unrealized losses on securities available-for-sale and securities transferred from available-for-sale to held-to-maturity, offset, somewhat, by a decrease in the additional pension liability, net of taxes. Unrealized losses increased as a result of increases in interest rates. During the third quarter of 2013, \$987.0 million of securities available-for-sale with unrealized losses of \$25.3 million were transferred to securities held-to-maturity. This was done in response to rising interest rates. The additional pension liability decreased mainly as a result of an increase in pension assets and decrease in the projected benefit obligation on the defined benefit pension plan.

The Company's leverage ratio stood at 6.50% at December 31, 2013, compared to 6.80% at December 31, 2012. The decrease in the leverage ratio is due to an increase in assets. Book value as of December 31, 2013 was \$31.76 per share compared to \$32.40 at December 31, 2012.

The Company's allowance for loan losses was \$20.9 million or 1.66% of loans outstanding at December 31, 2013, compared to \$19.2 million or 1.73% of loans outstanding at December 31, 2012. The increase in the allowance for loan losses was due to the increase in the size and composition of the loan portfolio as well as qualitative factors. Non-performing assets totaled \$2.5 million at December 31, 2013, compared to \$4.5 million at December 31, 2012.

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 18, 2014 to stockholders of record on February 3, 2014.

The Company, through its subsidiary bank, Century Bank and Trust Company, a state chartered full service commercial bank, operating twenty-six 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)

|   | December 31,<br>2013 | December 31,<br>2012 |
|---|----------------------|----------------------|
| <u>Assets</u>   |                      |                      |
| Cash and Due From Banks   | \$ 59,956            | \$ 53,646            |
| Federal Funds Sold and Interest-bearing Deposits In Other Banks | 34,722               | 98,637               |
| Short-term Investments  | 4,617                | 17,367               |
| Securities Available-For-Sale (AFS)                             | 464,245              | 1,434,801            |
| Securities Held-to-Maturity                                     | 1,487,884            | 275,507              |
| Federal Home Loan Bank of Boston stock, at cost                 | 18,072               | 15,146               |
| Loans:  |                      |                      |
| Commercial & Industrial   | 92,402               | 88,475               |
| Construction & Land Development                                 | 33,058               | 38,618               |
| Commercial Real Estate  | 713,327              | 576,465              |
| Residential Real Estate   | 286,041              | 281,857              |
| Consumer and Other  | 9,658                | 7,450                |
| Home Equity   | 130,277              | 118,923              |
| Total Loans   | 1,264,763            | 1,111,788            |
| Less: Allowance for Loan Losses                                 | 20,941               | 19,197               |
| Net Loans   | 1,243,822            | 1,092,591            |
| Bank Premises and Equipment                                     | 23,400               | 23,899               |
| Accrued Interest Receivable                                     | 6,539                | 5,811                |
| Goodwill  | 2,714                | 2,714                |
| Other Assets  | 85,183               | 66,090               |
| Total Assets  | <u>\$ 3,431,154</u>  | <u>\$ 3,086,209</u>  |
| <u>Liabilities</u>  |                      |                      |
| Demand Deposits   | \$ 475,862           | \$ 438,429           |
| Interest Bearing Deposits:                                      |                      |                      |
| Savings and NOW Deposits  | 992,796              | 933,316              |
| Money Market Accounts   | 864,957              | 653,345              |
| Time Deposits   | 382,224              | 419,983              |
| Total Interest Bearing Deposits                                 | 2,239,977            | 2,006,644            |
| Total Deposits  | 2,715,839            | 2,445,073            |
| Borrowed Funds:   |                      |                      |
| Securities Sold Under Agreements to Repurchase                  | 214,440              | 191,390              |
| Other Borrowed Funds  | 255,144              | 195,144              |
| Total Borrowed Funds  | 469,584              | 386,534              |
| Other Liabilities   | 33,176               | 38,529               |
| Subordinated Debentures   | 36,083               | 36,083               |
| Total Liabilities   | 3,254,682            | 2,906,219            |
| Total Stockholders' Equity                                      | 176,472              | 179,990              |
| Total Liabilities & Stockholders' Equity                        | <u>\$ 3,431,154</u>  | <u>\$ 3,086,209</u>  |

Century Bancorp, Inc. and Subsidiaries  
Consolidated Comparative Statements of Income (unaudited)  
For the Quarter and Year ended December 31, 2013 and 2012  
(in thousands)

|   | Quarter ended December 31, |                 | Year ended December 31, |                  |
|---|----------------------------|-----------------|-------------------------|------------------|
|   | 2013                       | 2012            | 2013                    | 2012             |
| <b>Interest Income:</b>   |                            |                 |                         |                  |
| Loans   | \$ 12,562                  | \$ 12,301       | \$ 49,296               | \$ 51,415        |
| Securities Held-to-Maturity                                     | 7,495                      | 1,615           | 16,615                  | 6,746            |
| Securities Available-for-Sale                                   | 789                        | 5,649           | 13,369                  | 22,703           |
| Federal Funds Sold and Interest-bearing Deposits In Other Banks | 101                        | 173             | 485                     | 630              |
| <b>Total Interest Income</b>                                    | <b>20,947</b>              | <b>19,738</b>   | <b>79,765</b>           | <b>81,494</b>    |
| <b>Interest Expense:</b>  |                            |                 |                         |                  |
| Savings and NOW Deposits  | 652                        | 601             | 2,585                   | 2,250            |
| Money Market Accounts   | 677                        | 540             | 2,472                   | 2,373            |
| Time Deposits   | 1,120                      | 1,476           | 4,777                   | 6,250            |
| Securities Sold Under Agreements to Repurchase                  | 93                         | 93              | 361                     | 367              |
| Other Borrowed Funds and Subordinated Debentures                | 2,300                      | 2,085           | 8,610                   | 8,300            |
| <b>Total Interest Expense</b>                                   | <b>4,842</b>               | <b>4,795</b>    | <b>18,805</b>           | <b>19,540</b>    |
| <b>Net Interest Income</b>                                      | <b>16,105</b>              | <b>14,943</b>   | <b>60,960</b>           | <b>61,954</b>    |
| Provision For Loan Losses                                       | 460                        | 900             | 2,710                   | 4,150            |
| <b>Net Interest Income After Provision for Loan Losses</b>      | <b>15,645</b>              | <b>14,043</b>   | <b>58,250</b>           | <b>57,804</b>    |
| <b>Other Operating Income</b>                                   |                            |                 |                         |                  |
| Service Charges on Deposit Accounts                             | 2,073                      | 1,993           | 8,113                   | 7,880            |
| Lockbox Fees  | 733                        | 705             | 3,079                   | 2,930            |
| Net Gain on Sales of Investments                                | 354                        | 724             | 3,019                   | 1,843            |
| Net Gain on Sales of Loans                                      | 326                        | 1               | 1,564                   | 297              |
| Other Income  | 700                        | 730             | 2,840                   | 2,915            |
| <b>Total Other Operating Income</b>                             | <b>4,186</b>               | <b>4,153</b>    | <b>18,615</b>           | <b>15,865</b>    |
| <b>Operating Expenses</b>                                       |                            |                 |                         |                  |
| Salaries and Employee Benefits                                  | 9,386                      | 8,211           | 35,244                  | 32,943           |
| Occupancy   | 1,285                      | 1,236           | 5,000                   | 4,695            |
| Equipment   | 552                        | 501             | 2,298                   | 2,255            |
| FDIC Assessment   | 478                        | 435             | 1,790                   | 1,737            |
| Other   | 2,989                      | 2,896           | 11,480                  | 11,608           |
| <b>Total Operating Expenses</b>                                 | <b>14,690</b>              | <b>13,279</b>   | <b>55,812</b>           | <b>53,238</b>    |
| <b>Income Before Income Taxes</b>                               | <b>5,141</b>               | <b>4,917</b>    | <b>21,053</b>           | <b>20,431</b>    |
| <b>Income Tax Expense</b>                                       | <b>116</b>                 | <b>139</b>      | <b>1,007</b>            | <b>1,392</b>     |
| <b>Net Income</b>   | <b>\$ 5,025</b>            | <b>\$ 4,778</b> | <b>\$ 20,046</b>        | <b>\$ 19,039</b> |

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

|   | December 31,<br>2013 | December 31,<br>2012 |
|---|----------------------|----------------------|
| <u>Assets</u>   |                      |                      |
| Cash and Due From Banks   | \$ 59,603            | \$ 54,572            |
| Federal Funds Sold and Interest-Bearing Deposits in Other Banks | 174,264              | 219,540              |
| Securities Available-For-Sale (AFS)                             | 997,983              | 1,263,375            |
| Securities Held-to-Maturity (HTM)                               | 812,448              | 270,525              |
| Total Loans   | 1,184,912            | 1,036,296            |
| Less: Allowance for Loan Losses                                 | <u>20,452</u>        | <u>18,039</u>        |
| Net Loans   | 1,164,460            | 1,018,257            |
| Unrealized (Loss)Gain on Securities AFS and HTM Transfers       | (6,236)              | 18,362               |
| Bank Premises and Equipment                                     | 23,551               | 22,804               |
| Accrued Interest Receivable                                     | 6,247                | 6,091                |
| Goodwill  | 2,714                | 2,714                |
| Other Assets  | <u>81,121</u>        | <u>68,205</u>        |
| Total Assets  | <u>\$ 3,316,155</u>  | <u>\$ 2,944,445</u>  |
| <u>Liabilities</u>  |                      |                      |
| Demand Deposits   | \$ 441,193           | \$ 386,863           |
| Interest Bearing Deposits:                                      |                      |                      |
| Savings and NOW Deposits  | 1,037,320            | 870,046              |
| Money Market Accounts   | 800,052              | 666,949              |
| Time Deposits   | <u>387,514</u>       | <u>418,789</u>       |
| Total Interest Bearing Deposits                                 | <u>2,224,886</u>     | <u>1,955,784</u>     |
| Total Deposits  | 2,666,079            | 2,342,647            |
| Borrowed Funds:   |                      |                      |
| Securities Sold Under Agreements to Repurchase                  | 203,888              | 174,624              |
| Other Borrowed Funds  | <u>194,949</u>       | <u>181,459</u>       |
| Total Borrowed Funds  | 398,837              | 356,083              |
| Other Liabilities   | 42,017               | 37,497               |
| Subordinated Debentures   | <u>36,083</u>        | <u>36,083</u>        |
| Total Liabilities   | 3,143,016            | 2,772,310            |
| Total Stockholders' Equity                                      | <u>173,139</u>       | <u>172,135</u>       |
| Total Liabilities & Stockholders' Equity                        | <u>\$ 3,316,155</u>  | <u>\$ 2,944,445</u>  |
| Total Average Earning Assets - QTD                              | <u>\$ 3,342,186</u>  | <u>\$ 2,938,890</u>  |
| Total Average Earning Assets - YTD                              | <u>\$ 3,169,607</u>  | <u>\$ 2,789,736</u>  |

Century Bancorp, Inc. and Subsidiaries  
Consolidated Selected Key Financial Information (unaudited)  
(in thousands, except share data)

|  | December 31,<br>2013 | December 31,<br>2012 |
|--|----------------------|----------------------|
|--|----------------------|----------------------|

**Performance Measures:**

|   |          |          |
|---|----------|----------|
| Earnings per average Class A share, diluted, quarter      | \$ 0.90  | \$ 0.86  |
| Earnings per average Class A share, diluted, year-to-date | \$ 3.61  | \$ 3.43  |
| Return on average assets, year-to-date                    | 0.60%    | 0.65%    |
| Return on average stockholders' equity, year-to-date      | 11.58%   | 11.06%   |
| Net interest margin (taxable equivalent), quarter         | 2.20%    | 2.30%    |
| Net interest margin (taxable equivalent), year-to-date    | 2.21%    | 2.51%    |
| Efficiency ratio, year-to-date                            | 63.0%    | 62.1%    |
| Book value per share                                      | \$ 31.76 | \$ 32.40 |
| Tangible book value per share                             | \$ 31.27 | \$ 31.91 |
| Tangible capital / tangible assets                        | 5.07%    | 5.75%    |

Common Share Data:

|   |                  |                  |
|---|------------------|------------------|
| Average Class A shares outstanding, diluted, quarter      | 5,557,419        | 5,552,121        |
| Average Class A shares outstanding, diluted, year-to-date | 5,557,693        | 5,549,191        |
| Shares outstanding Class A                                | 3,580,404        | 3,568,079        |
| Shares outstanding Class B                                | 1,976,180        | 1,986,880        |
| Total shares outstanding at period end                    | <u>5,556,584</u> | <u>5,554,959</u> |

**Asset Quality and Other Data:**

|   |              |              |
|---|--------------|--------------|
| Allowance for loan losses / loans         | 1.66%        | 1.73%        |
| Nonaccrual loans                          | \$ 2,549     | \$ 4,471     |
| Nonperforming assets                      | \$ 2,549     | \$ 4,471     |
| Loans 90 days past due and still accruing | \$ -         | \$ -         |
| Accruing troubled debt restructures       | \$ 5,969     | \$ 3,048     |
| Net charge-offs, year-to-date             | \$ 966       | \$ 1,527     |
| Leverage ratio                            | 6.50%        | 6.80%        |
| Tier 1 risk weighted capital ratio        | 13.67%       | 14.34%       |
| Total risk weighted capital ratio         | 14.92%       | 15.59%       |
| Total risk weighted assets                | \$ 1,660,881 | \$ 1,462,197 |