

MEDFORD, Mass.--( [BUSINESS WIRE](#) )--Century Bancorp, Inc. (NASDAQ:CNBKA) ( [www.centurybank.com](http://www.centurybank.com)

) (“the Company”) today announced net income of \$4,932,000 for the quarter ended March 31, 2014, or \$0.89 per Class A share diluted, an increase of 10.2% compared to net income of \$4,476,000, or \$0.81 per Class A share diluted, for the same period a year ago. Total assets increased 2.0% from \$3.4 billion at December 31, 2013 to \$3.5 billion at March 31, 2014.

Net interest income totaled \$16.5 million for the quarter ended March 31, 2014 compared to \$14.5 million for the same period in 2013. The 13.5% increase in net interest income for the period is primarily due to an increase in average earning assets. The net interest margin increased from 2.25% on a fully taxable equivalent basis in 2013 to 2.27% on the same basis for 2014. This was primarily the result of a decrease in rates paid on deposits and borrowed funds. Also, interest expense increased slightly as a result of an increase in deposit balances and there was a 13.0% increase in the average balances of earning assets, combined with a similar increase in average deposits.

The provision for loan losses decreased by \$150,000 from \$750,000 for the quarter ended March 31, 2013 to \$600,000 for the quarter ended March 31, 2014, primarily as a result of changes in the portfolio composition. There were no realized gains on sales of investments for the quarter ended March 31, 2014, as compared to \$883,000 for the same period in 2013. The Company’s effective tax rate decreased from 6.0% in 2013 to 5.6% in 2014 primarily as a result of an increase in tax-exempt income.

At March 31, 2014, total equity was \$182.1 million compared to \$176.5 million at December 31, 2013. The Company’s equity increased primarily as a result of earnings and a decrease in other comprehensive loss, net of taxes, offset somewhat by dividends paid. Other comprehensive loss, net of taxes, decreased as a result of a decrease in unrealized losses on securities available-for-sale and securities transferred from available-for-sale to held-to-maturity. 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 Company’s leverage ratio stood at 6.57% at March 31, 2014, compared to 6.50% at December 31, 2013. The increase in the leverage ratio was due to an increase in stockholders’ equity, offset somewhat, by an increase in assets. Book value as of March

31, 2014 was \$32.77 per share compared to \$31.76 at December 31, 2013.

The Company's allowance for loan losses was \$21.3 million or 1.68% of loans outstanding at March 31, 2014, compared to \$20.9 million or 1.66% of loans outstanding at December 31, 2013 and \$19.8 million or 1.74% of loans outstanding at March 31, 2013. The increase in the allowance for loan losses was due to the composition of the loan portfolio as well as qualitative factors. Non-performing assets totaled \$1.6 million at March 31, 2014, compared to \$2.5 million at December 31, 2013 and \$4.1 million at March 31, 2013.

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 May 15, 2014 to stockholders of record on May 1, 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)

Assets

|  | 2014      | 2013      |
|--|-----------|-----------|
| Cash and Due From Banks  | \$ 80,087 | 80,087    |
| Federal Funds Sold and Interest-bearing Deposits In<br>Other Banks | 34,722    | 34,722    |
| Short-term Investments   | 4,625     | 4,617     |
| Securities Available-For-Sale (AFS)                                | 473,302   | 464,245   |
| Securities Held-to-Maturity  | 1,478,450 | 1,487,884 |
| Federal Home Loan Bank of Boston stock, at cost                    | 18,872    | 18,072    |
| Loans:   |           |           |
| Commercial & Industrial  | 95,775    | 92,402    |
| Construction & Land Development                                    | 25,928    | 33,058    |
| Commercial Real Estate   | 708,550   | 713,327   |
| Residential Real Estate  | 290,466   | 286,041   |

# Century Bancorp, Inc. Announces Increased Earnings for Q1 2014, up 10.2%; Asset Growth to Record Size

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|                                 |           |           |
|---------------------------------|-----------|-----------|
| Consumer and Other              | 9,542     | 9,658     |
| Home Equity                     |           | 133,800   |
| Total Loans                     | 1,264,061 | 1,264,763 |
| Less: Allowance for Loan Losses |           | 21,259    |
| Net Loans                       | 1,242,802 | 1,243,822 |
| Bank Premises and Equipment     | 23,450    | 23,400    |
| Accrued Interest Receivable     | 6,338     | 6,539     |
| Goodwill                        | 2,714     | 2,714     |
| Other Assets                    |           | 86,101    |
| Total Assets                    | \$        | 3,500,047 |

## Liabilities

|                 |    |         |
|-----------------|----|---------|
| Demand Deposits | \$ | 489,679 |
|-----------------|----|---------|

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|  |           |           |
|--|-----------|-----------|
| Interest Bearing Deposits:                     |           |           |
| Savings and NOW Deposits                       | 1,018,871 | 992,796   |
| Money Market Accounts                          | 874,264   | 864,957   |
| Time Deposits                                  |           | 381,199   |
| Total Interest Bearing Deposits                |           | 2,274,334 |
| Total Deposits                                 | 2,764,013 | 2,715,839 |
| Borrowed Funds:                                |           |           |
| Securities Sold Under Agreements to Repurchase | 210,650   | 214,440   |
| Other Borrowed Funds                           |           | 272,644   |
| Total Borrowed Funds                           | 483,294   | 469,584   |
| Other Liabilities                              | 34,575    | 33,176    |
| Subordinated Debentures                        |           | 36,083    |

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|  |           |           |
|--|-----------|-----------|
| Total Liabilities                        | 3,317,965 | 3,254,682 |
| Total Stockholders' Equity               |           | 182,082   |
| Total Liabilities & Stockholders' Equity | \$        | 3,500,047 |

Century Bancorp, Inc. and Subsidiaries  
 Consolidated Comparative Statements of Income (unaudited)  
 For the Quarter ended March 31, 2014 and 2013  
 (in thousands)

Quarter ended March 31,  
 2014

|   |       |        |
|---|-------|--------|
| Interest Income:<br>Loans                                       | \$    | 12,449 |
| Securities Held-to-Maturity                                     | 7,780 | 1,520  |
| Securities Available-for-Sale                                   | 820   | 5,617  |
| Federal Funds Sold and Interest-bearing Deposits In Other Banks |       | 82     |

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|  |        |        |
|--|--------|--------|
| Total Interest Income                                  | 21,131 | 19,137 |
| Interest Expense:                                      |        |        |
| Savings and NOW Deposits                               | 609    | 610    |
| Money Market Accounts                                  | 639    | 532    |
| Time Deposits  | 1,085  | 1,334  |
| Securities Sold Under Agreements to Repurchase         | 101    | 90     |
| Other Borrowed Funds and Subordinated Debentures       |        | 2,183  |
| Total Interest Expense                                 |        | 4,617  |
| Net Interest Income                                    | 16,514 | 14,545 |
| Provision For Loan Losses                              |        | 600    |
| Net Interest Income After<br>Provision for Loan Losses | 15,914 | 13,795 |
| Other Operating Income                                 |        |        |
| Service Charges on Deposit Accounts                    | 2,034  | 1,942  |

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|                                  |       |        |
|----------------------------------|-------|--------|
| Lockbox Fees                     | 777   | 772    |
| Net Gain on Sales of Investments | -     | 883    |
| Net Gain on Sales of Loans       | 7     | 170    |
| Other Income                     |       | 652    |
| Total Other Operating Income     | 3,470 | 4,434  |
| Operating Expenses               |       |        |
| Salaries and Employee Benefits   | 8,875 | 8,618  |
| Occupancy                        | 1,442 | 1,282  |
| Equipment                        | 572   | 582    |
| FDIC Assessment                  | 480   | 400    |
| Other                            |       | 2,790  |
| Total Operating Expenses         |       | 14,159 |
| Income Before Income Taxes       | 5,225 | 4,764  |
| Income Tax Expense               |       | 293    |

Net Income \$ 4,932

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

Assets

|   | 2014      | 2013      |
|---|-----------|-----------|
| Cash and Due From Banks   | \$        | 65,827    |
| Federal Funds Sold and Interest-Bearing Deposits in Other Banks |           | 170,727   |
| Securities Available-For-Sale (AFS)                             | 494,242   | 1,419,589 |
| Securities Held-to-Maturity (HTM)                               | 1,492,839 | 268,199   |
| Total Loans   | 1,265,049 | 1,126,752 |
| Less: Allowance for Loan Losses                                 |           | 21,193    |

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|   |           |           |
|---|-----------|-----------|
| Net Loans   | 1,243,856 | 1,107,249 |
| Unrealized (Loss)Gain on Securities AFS and HTM <del>(23,977)</del> |           | 16,539    |
| Bank Premises and Equipment   | 23,336    | 23,806    |
| Accrued Interest Receivable   | 7,195     | 6,032     |
| Goodwill  | 2,714     | 2,714     |
| Other Assets  |           | 86,313    |
| Total Assets  | \$        | 3,514,338 |

## Liabilities

|  |           |         |
|--|-----------|---------|
| Demand Deposits  | \$        | 468,623 |
| Interest Bearing Deposits:<br>Savings and NOW Deposits | 1,072,313 | 988,678 |
| Money Market Accounts                                  | 904,036   | 701,837 |

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|  |           |           |
|--|-----------|-----------|
| Time Deposits                                  |           | 376,793   |
| Total Interest Bearing Deposits                |           | 2,353,142 |
| Total Deposits                                 | 2,821,765 | 2,503,070 |
| Borrowed Funds:                                |           |           |
| Securities Sold Under Agreements to Repurchase | 226,927   | 208,306   |
| Other Borrowed Funds                           |           | 216,212   |
| Total Borrowed Funds                           | 443,139   | 382,828   |
| Other Liabilities                              | 33,610    | 40,045    |
| Subordinated Debentures                        |           | 36,083    |
| Total Liabilities                              | 3,334,597 | 2,962,026 |
| Total Stockholders' Equity                     |           | 179,741   |
| Total Liabilities & Stockholders' Equity       | \$        | 3,514,338 |



|  |           |           |
|--|-----------|-----------|
| Tangible book value per share                        | \$        | 32.28     |
| Tangible capital / tangible assets                   | 5.13%     | 5.64%     |
| Common Share Data:                                   |           |           |
| Average Class A shares outstanding, diluted, quarter | 5,558,177 | 5,557,365 |
| Shares outstanding Class A                           | 3,582,479 | 3,569,679 |
| Shares outstanding Class B                           |           | 1,974,180 |
| Total shares outstanding at period end               |           | 5,556,659 |

**Asset Quality and Other Data:**

|                                   |       |       |
|-----------------------------------|-------|-------|
| Allowance for loan losses / loans | 1.68% | 1.74% |
| Nonaccrual loans                  | \$    | 1,560 |
| Nonperforming assets              | \$    | 1,560 |

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|   |        |           |
|---|--------|-----------|
| Loans 90 days past due and still accruing | \$     | -         |
| Accruing troubled debt restructures       | \$     | 5,811     |
| Net charge-offs, year-to-date             | \$     | 282       |
| Leverage ratio                            | 6.57%  | 6.83%     |
| Tier 1 risk weighted capital ratio        | 13.84% | 14.30%    |
| Total risk weighted capital ratio         | 15.09% | 15.55%    |
| Total risk weighted assets                | \$     | 1,672,745 |