



## NEWS RELEASE

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**CENTURY BANCORP, INC. ANNOUNCES RECORD EARNINGS OF \$13.6 MM FOR 2010, AN INCREASE OF 34%; 8% ASSET GROWTH TO \$2.4BB; REGULAR DIVIDEND DECLARED**

**Medford, MA, January 18, 2011**---Century Bancorp, Inc. (NASDAQ:CNBKA) ([www.century-bank.com](http://www.century-bank.com)) ("the Company") today announced record net income of \$13,574,000 for the year ended December 31, 2010, or \$2.45 per share diluted, an increase of 33.6% compared to net income of \$10,160,000, or \$1.84 per share diluted, for 2009. Total assets increased 8.3% from \$2.3 billion at December 31, 2009 to \$2.4 billion at December 31, 2010. For the quarter ended December 31, 2010, net income totaled \$3,924,000, or \$0.71 per share diluted, an increase of 27.2% compared to net income of \$3,085,000, or \$0.56 per share diluted, for the same period a year ago.

Net interest income totaled \$51.8 million for the year ended December 31, 2010 compared to \$47.9 million for 2009. The 8.1% increase in net interest income for the period is mainly due to a 18.8% 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 seventeen basis points in the net interest margin. The net interest margin decreased from 2.69% on a fully taxable equivalent basis in 2009 to 2.52% on the same basis for 2010.

The provision for loan losses decreased by \$1.1 million from \$6.6 million for the year ended December 31, 2009 to \$5.6 million, in 2010, primarily as a result of decreases in nonaccrual loans. The Company capitalized on favorable market conditions for the year ended December 31, 2010 and realized net gains on sales of investments of \$1.9 million, as compared to \$2.7 million for 2009. Included in operating expenses for the fourth quarter and year ended December 31, 2010 are FDIC assessments of \$790,000 and \$3.0 million, respectively, as compared to \$582,000 and \$3.3 million for the same periods in 2009. FDIC assessments decreased, for the year, primarily as a result of the special assessment charge of approximately \$1.0 million during the second quarter of 2009. This was offset, somewhat, by an increase in the assessment rate as well as an increase in the deposit base during 2010.

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Also included in operating expenses for the second quarter of 2010 is a charge for payments due Jonathan G. Sloane, former Co-CEO, in accordance with his separation agreement as previously announced. The Company recorded a pre-tax charge of \$916,000.

The Company's effective tax rate declined from 10.4% in 2009 to 8.4% in 2010 primarily as a result of an increase in tax-exempt income.

At December 31, 2010, total equity was \$145.0 million compared to \$132.7 million at December 31, 2009. The Company's equity increased primarily as a result of earnings and a decrease in accumulated other comprehensive loss, net of taxes, offset by dividends paid. The Company's leverage ratio stood at 7.35% at December 31, 2010, compared to 7.73% at December 31, 2009. 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, 2010 was \$26.18 per share compared to \$24.00 at December 31, 2009.

The Company's allowance for loan losses was \$14.1 million or 1.55% of loans outstanding at December 31, 2010, compared to \$12.4 million, or 1.41% of loans outstanding at December 31, 2009. Non-performing assets totaled \$8.1 million at December 31, 2010, compared to \$12.3 million at December 31, 2009.

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 15, 2011 to stockholders of record on February 1, 2011.

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

| <u>Assets</u>   | December 31,<br>2010 | December 31,<br>2009 |
|---|----------------------|----------------------|
| Cash and Due From Banks   | \$ 37,215            | \$ 42,627            |
| Federal Funds Sold and Interest-bearing Deposits In Other Banks | 151,337              | 356,015              |
| Short-term Investments  | 113,918              | 18,518               |
| Securities Available-For-Sale (AFS)                             | 909,391              | 647,796              |
| Securities Held-to-Maturity                                     | 230,116              | 217,643              |
| Federal Home Loan Bank of Boston stock, at cost                 | 15,531               | 15,531               |
| Loans:  |                      |                      |
| Commercial & Industrial   | 90,654               | 141,061              |
| Construction & Land Development                                 | 53,583               | 60,349               |
| Commercial Real Estate  | 433,337              | 361,823              |
| Residential Real Estate   | 207,787              | 188,096              |
| Consumer and Other  | 6,594                | 7,720                |
| Home Equity   | 114,209              | 118,076              |
| Total Loans   | 906,164              | 877,125              |
| Less: Allowance for Loan Losses                                 | 14,053               | 12,373               |
| Net Loans   | 892,111              | 864,752              |
| Bank Premises and Equipment                                     | 21,228               | 21,015               |
| Accrued Interest Receivable                                     | 6,601                | 5,806                |
| Goodwill  | 2,714                | 2,714                |
| Core Deposit Intangible   | 508                  | 896                  |
| Other Assets  | 61,014               | 60,722               |
| Total Assets  | <u>\$ 2,441,684</u>  | <u>\$ 2,254,035</u>  |
| <u>Liabilities</u>  |                      |                      |
| Demand Deposits   | \$ 322,002           | \$ 279,874           |
| Interest Bearing Deposits:                                      |                      |                      |
| Savings and NOW Deposits  | 649,402              | 575,592              |
| Money Market Accounts   | 513,359              | 553,883              |
| Time Deposits   | 417,260              | 292,638              |
| Total Interest Bearing  | 1,580,021            | 1,422,113            |
| Total Deposits  | 1,902,023            | 1,701,987            |
| Borrowed Funds:   |                      |                      |
| Securities Sold Under Agreements to Repurchase                  | 108,550              | 118,745              |
| Other Borrowed Funds  | 222,118              | 234,024              |
| Total Borrowed Funds  | 330,668              | 352,769              |
| Other Liabilities   | 27,885               | 30,466               |
| Subordinated Debentures   | 36,083               | 36,083               |
| Total Liabilities   | 2,296,659            | 2,121,305            |
| Total Stockholders' Equity                                      | 145,025              | 132,730              |
| Total Liabilities & Stockholders' Equity                        | <u>\$ 2,441,684</u>  | <u>\$ 2,254,035</u>  |

Century Bancorp, Inc. and Subsidiaries  
Consolidated Comparative Statements of Income (unaudited)  
For the Quarter and Year ended December 31, 2010 and 2009  
(in thousands)

|   | Quarter Ended December 31, |                 | Year ended December 31, |                  |
|---|----------------------------|-----------------|-------------------------|------------------|
|   | 2010                       | 2009            | 2010                    | 2009             |
| <b>Interest Income:</b>   |                            |                 |                         |                  |
| Loans   | \$ 12,350                  | \$ 12,266       | \$ 48,434               | \$ 48,199        |
| Securities Held-to-Maturity                                     | 1,657                      | 1,763           | 7,158                   | 8,093            |
| Securities Available-for-Sale                                   | 4,719                      | 5,397           | 19,349                  | 21,137           |
| Federal Funds Sold and Interest-bearing Deposits In Other Banks | 396                        | 360             | 1,642                   | 2,171            |
| <b>Total Interest Income</b>                                    | <b>19,122</b>              | <b>19,786</b>   | <b>76,583</b>           | <b>79,600</b>    |
| <b>Interest Expense:</b>  |                            |                 |                         |                  |
| Savings and NOW Deposits  | 818                        | 1,386           | 4,072                   | 5,258            |
| Money Market Accounts   | 753                        | 1,181           | 3,942                   | 6,100            |
| Time Deposits   | 2,168                      | 1,973           | 7,914                   | 9,438            |
| Securities Sold Under Agreements to Repurchase                  | 107                        | 153             | 573                     | 576              |
| Other Borrowed Funds and Subordinated Debentures                | 1,965                      | 2,644           | 8,316                   | 10,351           |
| <b>Total Interest Expense</b>                                   | <b>5,811</b>               | <b>7,337</b>    | <b>24,817</b>           | <b>31,723</b>    |
| <b>Net Interest Income</b>                                      | <b>13,311</b>              | <b>12,449</b>   | <b>51,766</b>           | <b>47,877</b>    |
| <b>Provision For Loan Losses</b>                                | <b>1,350</b>               | <b>2,475</b>    | <b>5,575</b>            | <b>6,625</b>     |
| <b>Net Interest Income After Provision for Loan Losses</b>      | <b>11,961</b>              | <b>9,974</b>    | <b>46,191</b>           | <b>41,252</b>    |
| <b>Other Operating Income</b>                                   |                            |                 |                         |                  |
| Service Charges on Deposit Accounts                             | 1,998                      | 1,943           | 7,876                   | 8,003            |
| Lockbox Fees  | 718                        | 660             | 2,911                   | 2,814            |
| Net Gain on Sales of Investments                                | 824                        | 1,619           | 1,851                   | 2,734            |
| Other Income  | 683                        | 639             | 3,361                   | 2,919            |
| <b>Total Other Operating Income</b>                             | <b>4,223</b>               | <b>4,861</b>    | <b>15,999</b>           | <b>16,470</b>    |
| <b>Operating Expenses</b>                                       |                            |                 |                         |                  |
| Salaries and Employee Benefits                                  | 6,779                      | 6,737           | 28,398                  | 26,919           |
| Occupancy   | 1,034                      | 1,033           | 4,037                   | 4,104            |
| Equipment   | 595                        | 546             | 2,132                   | 2,372            |
| FDIC Assessment   | 790                        | 582             | 2,965                   | 3,336            |
| Other   | 2,697                      | 2,520           | 9,840                   | 9,648            |
| <b>Total Operating Expenses</b>                                 | <b>11,895</b>              | <b>11,418</b>   | <b>47,372</b>           | <b>46,379</b>    |
| <b>Income Before Income Taxes</b>                               | <b>4,289</b>               | <b>3,417</b>    | <b>14,818</b>           | <b>11,343</b>    |
| <b>Income Tax Expense</b>                                       | <b>365</b>                 | <b>332</b>      | <b>1,244</b>            | <b>1,183</b>     |
| <b>Net Income</b>   | <b>\$ 3,924</b>            | <b>\$ 3,085</b> | <b>\$ 13,574</b>        | <b>\$ 10,160</b> |

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

|   | December 31,<br>2010 | December 31,<br>2009 |
|---|----------------------|----------------------|
| <u>Assets</u>   |                      |                      |
| Cash and Due From Banks   | \$ 52,662            | \$ 57,573            |
| Federal Funds Sold and Interest-Bearing Deposits in Other Banks | 371,665              | 245,002              |
| Securities Available-For-Sale (AFS)                             | 788,951              | 611,246              |
| Securities Held-to-Maturity                                     | 222,154              | 193,520              |
| Total Loans   | 877,858              | 853,422              |
| Less: Allowance for Loan Losses                                 | <u>13,686</u>        | <u>13,331</u>        |
| Net Loans   | 864,172              | 840,091              |
| Unrealized Gain on Securities AFS                               | 13,151               | 4,766                |
| Bank Premises and Equipment                                     | 21,334               | 21,382               |
| Accrued Interest Receivable                                     | 6,575                | 7,046                |
| Goodwill  | 2,714                | 2,714                |
| Core Deposit Intangible   | 704                  | 1,094                |
| Other Assets  | <u>58,816</u>        | <u>49,409</u>        |
| Total Assets  | <u>\$ 2,402,898</u>  | <u>\$ 2,033,843</u>  |
| <u>Liabilities</u>  |                      |                      |
| Demand Deposits   | \$ 298,825           | \$ 277,300           |
| Interest Bearing Deposits:                                      |                      |                      |
| Savings and NOW Deposits  | 696,232              | 528,974              |
| Money Market Accounts   | 543,432              | 432,159              |
| Time Deposits   | <u>356,457</u>       | <u>318,412</u>       |
| Total Interest Bearing  | <u>1,596,121</u>     | <u>1,279,545</u>     |
| Total Deposits  | 1,894,946            | 1,556,845            |
| Borrowed Funds:   |                      |                      |
| Securities Sold Under Agreements to Repurchase                  | 133,080              | 98,635               |
| Other Borrowed Funds  | <u>165,190</u>       | <u>183,630</u>       |
| Total Borrowed Funds  | 298,270              | 282,265              |
| Other Liabilities   | 31,074               | 31,289               |
| Subordinated Debentures   | <u>36,083</u>        | <u>36,083</u>        |
| Total Liabilities   | 2,260,373            | 1,906,482            |
| Total Stockholders' Equity                                      | <u>142,525</u>       | <u>127,361</u>       |
| Total Liabilities & Stockholders' Equity                        | <u>\$ 2,402,898</u>  | <u>\$ 2,033,843</u>  |
| Total Average Earning Assets - Quarter                          | <u>\$ 2,295,297</u>  | <u>\$ 2,020,576</u>  |
| Total Average Earning Assets - Year                             | <u>\$ 2,260,628</u>  | <u>\$ 1,903,190</u>  |

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

|  | December 31,<br>2010 | December 31,<br>2009 |
|--|----------------------|----------------------|
|--|----------------------|----------------------|

**Performance Measures:**

|   |          |          |
|---|----------|----------|
| Earnings per average share, basic, quarter        | \$ 0.71  | \$ 0.56  |
| Earnings per average share, diluted, quarter      | \$ 0.71  | \$ 0.56  |
| Earnings per average share, basic, year           | \$ 2.45  | \$ 1.84  |
| Earnings per average share, diluted, year         | \$ 2.45  | \$ 1.84  |
| Return on average assets, year                    | 0.56%    | 0.50%    |
| Return on average stockholders' equity, year      | 9.52%    | 7.98%    |
| Net interest margin (taxable equivalent), quarter | 2.55%    | 2.63%    |
| Net interest margin (taxable equivalent), year    | 2.52%    | 2.69%    |
| Efficiency ratio, year                            | 65.0%    | 68.5%    |
| Book value per share                              | \$ 26.18 | \$ 24.00 |
| Tangible book value per share                     | \$ 25.60 | \$ 23.35 |
| Tangible capital / tangible assets                | 5.82%    | 5.74%    |

**Common Share Data:**

|  |                  |                  |
|--|------------------|------------------|
| Average shares outstanding, basic, quarter   | 5,537,776        | 5,530,297        |
| Average shares outstanding, diluted, quarter | 5,539,639        | 5,533,943        |
| Average shares outstanding, basic, year      | 5,533,506        | 5,532,249        |
| Average shares outstanding, diluted, year    | 5,535,742        | 5,534,340        |
| Shares outstanding Class A                   | 3,528,867        | 3,515,767        |
| Shares outstanding Class B                   | 2,011,380        | 2,014,530        |
| Total shares outstanding at period end       | <u>5,540,247</u> | <u>5,530,297</u> |

**Asset Quality and Other Data**

|   |              |              |
|---|--------------|--------------|
| Allowance for loan losses / loans         | 1.55%        | 1.41%        |
| Nonaccrual loans                          | \$ 8,068     | \$ 12,311    |
| Nonperforming assets                      | \$ 8,068     | \$ 12,311    |
| Loans 90 days past due and still accruing | \$ 50        | \$ -         |
| Accruing troubled debt restructures       | \$ 1,248     | \$ 521       |
| Net charge-offs, year                     | \$ 3,894     | \$ 5,372     |
| Leverage ratio                            | 7.35%        | 7.73%        |
| Tier 1 risk weighted capital ratio        | 14.86%       | 14.45%       |
| Total risk weighted capital ratio         | 16.03%       | 15.53%       |
| Total risk weighted assets                | \$ 1,199,896 | \$ 1,144,639 |