



NEWS RELEASE

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CENTURY BANCORP, INC. ANNOUNCES EARNINGS FOR Q2 2015, UP 5.8%; LOAN GROWTH OF 16%; ASSET GROWTH TO RECORD SIZE OF \$3.9 BB; REGULAR DIVIDEND DECLARED

Medford, MA, July 14, 2015---Century Bancorp, Inc. (NASDAQ:CNBKA)

(www.centurybank.com) (“the Company”) today announced net income of \$10,884,000 for the six months ended June 30, 2015, or \$1.95 per Class A share diluted, an increase of 3.4% compared to net income of \$10,531,000, or \$1.89 per Class A share diluted, for the same period a year ago. Total assets increased 8.0% from \$3.6 billion at December 31, 2014 to \$3.9 billion at June 30, 2015. For the quarter ended June 30, 2015, net income totaled \$5,925,000 or \$1.06 per Class A share diluted, an increase of 5.8% compared to net income of \$5,599,000, or \$1.01 per Class A share diluted, for the same period a year ago.

Net interest income totaled \$34.1 million for the six months ended June 30, 2015 compared to \$33.3 million for the same period in 2014. The 2.6% increase in net interest income for the period is primarily due to an increase in average earning assets. The net interest margin decreased from 2.23% on a fully taxable equivalent basis in 2014 to 2.16% on the same basis for 2015. This was primarily the result of a decrease in rates on earning assets. The average balances of earning assets increased by 7.2% combined with a similar increase in average deposits. Also, interest expense increased 3.3% as a result of an increase in deposit balances.

The provision for loan losses decreased by \$850,000 from \$1,050,000 for the six months ended June 30, 2014 to \$200,000 for the same period in 2015, primarily as a result changes in portfolio composition. The Company’s effective tax rate decreased from 4.7% in 2014 to 4.0% in 2015 primarily as a result of an increase in tax-exempt income.

At June 30, 2015, total equity was \$204.4 million compared to \$192.5 million at December 31, 2014. 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 primarily as a result of a decrease in unrealized losses on securities transferred from available-for-sale to held-to-maturity and amortization of the pension liability. 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 6.58% at June 30, 2015, compared to 6.91% at December 31, 2014. The decrease in the leverage ratio was due to an increase in quarterly average assets, offset somewhat by an increase in stockholders' equity. Book value as of June 30, 2015 was \$36.71 per share compared to \$34.57 at December 31, 2014.

The Company's allowance for loan losses was \$22.2 million or 1.44% of loans outstanding at June 30, 2015, compared to \$22.3 million or 1.68% of loans outstanding at December 31, 2014 and \$21.7 million or 1.65% of loans outstanding at June 30, 2014. The change in the allowance for loan losses was primarily due to changes in portfolio composition. Non-performing assets totaled \$4.1 million at June 30, 2015, compared to \$4.1 million at December 31, 2014 and \$2.8 million at June 30, 2014.

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 August 17, 2015 to stockholders of record on August 3, 2015.

The Company, through its subsidiary bank, Century Bank and Trust Company, a state chartered full service commercial bank, operating twenty-seven 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> | June 30, 2015 | December 31, 2014 |
|---|---------------------|----------------------|
| Cash and Due From Banks | \$ 60,547 | \$ 43,367 |
| Federal Funds Sold and Interest-bearing Deposits In Other Banks | 24,522 | 261,991 |
| Short-term Investments | 2,139 | 2,131 |
| Securities Available-For-Sale (AFS) | 440,059 | 448,390 |
| Securities Held-to-Maturity | 1,683,568 | 1,406,792 |
| Federal Home Loan Bank of Boston stock, at cost | 27,748 | 24,916 |
| Loans: | | |
| Commercial & Industrial | 291,142 | 149,732 |
| Municipal | 87,241 | 41,850 |
| Construction & Land Development | 26,521 | 22,744 |
| Commercial Real Estate | 713,770 | 696,272 |
| Residential Real Estate | 248,103 | 257,305 |
| Consumer and Other | 10,646 | 12,188 |
| Home Equity | 167,271 | 151,275 |
| Total Loans | 1,544,694 | 1,331,366 |
| Less: Allowance for Loan Losses | 22,245 | 22,318 |
| Net Loans | 1,522,449 | 1,309,048 |
| Bank Premises and Equipment, net | 24,416 | 24,182 |
| Accrued Interest Receivable | 7,281 | 6,241 |
| Goodwill | 2,714 | 2,714 |
| Other Assets | 118,375 | 94,264 |
| Total Assets | <u>\$ 3,913,818</u> | <u>\$ 3,624,036</u> |
| <u>Liabilities</u> | | |
| Demand Deposits | \$ 512,167 | \$ 484,928 |
| Interest Bearing Deposits: | | |
| Savings and NOW Deposits | 1,054,132 | 978,619 |
| Money Market Accounts | 902,106 | 890,899 |
| Time Deposits | 383,284 | 383,145 |
| Total Interest Bearing Deposits | 2,339,522 | 2,252,663 |
| Total Deposits | 2,851,689 | 2,737,591 |
| Borrowed Funds: | | |
| Securities Sold Under Agreements to Repurchase | 283,830 | 212,360 |
| Other Borrowed Funds | 485,500 | 395,500 |
| Total Borrowed Funds | 769,330 | 607,860 |
| Other Liabilities | 52,343 | 50,002 |
| Subordinated Debentures | 36,083 | 36,083 |
| Total Liabilities | 3,709,445 | 3,431,536 |
| Total Stockholders' Equity | 204,373 | 192,500 |
| Total Liabilities & Stockholders' Equity | <u>\$ 3,913,818</u> | <u>\$ 3,624,036</u> |

Century Bancorp, Inc. and Subsidiaries
Consolidated Comparative Statements of Income (unaudited)
For the Quarter and Six months ended June 30, 2015 and 2014
(in thousands)

| | Quarter ended June 30, | | Six months ended June 30, | |
|---|------------------------|-----------------|---------------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Interest Income: | | | | |
| Loans | \$ 12,470 | \$ 12,611 | \$ 24,546 | \$ 25,060 |
| Securities Held-to-Maturity | 9,371 | 8,020 | 17,539 | 15,800 |
| Securities Available-for-Sale | 737 | 794 | 1,469 | 1,614 |
| Federal Funds Sold and Interest-bearing Deposits In Other Banks | 97 | 129 | 293 | 211 |
| Total Interest Income | 22,675 | 21,554 | 43,847 | 42,685 |
| Interest Expense: | | | | |
| Savings and NOW Deposits | 692 | 660 | 1,320 | 1,269 |
| Money Market Accounts | 734 | 669 | 1,516 | 1,308 |
| Time Deposits | 1,207 | 1,141 | 2,363 | 2,226 |
| Securities Sold Under Agreements to Repurchase | 128 | 93 | 242 | 194 |
| Other Borrowed Funds and Subordinated Debentures | 2,200 | 2,237 | 4,285 | 4,420 |
| Total Interest Expense | 4,961 | 4,800 | 9,726 | 9,417 |
| Net Interest Income | 17,714 | 16,754 | 34,121 | 33,268 |
| Provision For Loan Losses | - | 450 | 200 | 1,050 |
| Net Interest Income After Provision for Loan Losses | 17,714 | 16,304 | 33,921 | 32,218 |
| Other Operating Income | | | | |
| Service Charges on Deposit Accounts | 1,934 | 2,012 | 3,847 | 4,046 |
| Lockbox Fees | 888 | 845 | 1,676 | 1,622 |
| Net Gain on Sales of Loans | 418 | 81 | 517 | 88 |
| Other Income | 970 | 677 | 1,675 | 1,329 |
| Total Other Operating Income | 4,210 | 3,615 | 7,715 | 7,085 |
| Operating Expenses | | | | |
| Salaries and Employee Benefits | 9,480 | 8,776 | 18,614 | 17,651 |
| Occupancy | 1,517 | 1,322 | 3,122 | 2,764 |
| Equipment | 659 | 585 | 1,252 | 1,157 |
| FDIC Assessment | 545 | 494 | 1,048 | 974 |
| Other | 3,565 | 2,912 | 6,268 | 5,702 |
| Total Operating Expenses | 15,766 | 14,089 | 30,304 | 28,248 |
| Income Before Income Taxes | 6,158 | 5,830 | 11,332 | 11,055 |
| Income Tax Expense | 233 | 231 | 448 | 524 |
| Net Income | \$ 5,925 | \$ 5,599 | \$ 10,884 | \$ 10,531 |

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

| | June 30, 2015 | June 30, 2014 |
|---|---------------------|---------------------|
| <u>Assets</u> | | |
| Cash and Due From Banks | \$ 69,139 | \$ 65,048 |
| Federal Funds Sold and Interest-Bearing Deposits in Other Banks | 221,727 | 157,958 |
| Securities Available-For-Sale (AFS) | 464,679 | 495,406 |
| Securities Held-to-Maturity (HTM) | 1,637,599 | 1,507,529 |
| Total Loans | 1,363,532 | 1,277,980 |
| Less: Allowance for Loan Losses | <u>22,482</u> | <u>21,380</u> |
| Net Loans | 1,341,050 | 1,256,600 |
| Unrealized (Loss)Gain on Securities AFS and HTM Transfers | (15,774) | (22,127) |
| Bank Premises and Equipment | 24,312 | 23,395 |
| Accrued Interest Receivable | 7,262 | 7,255 |
| Goodwill | 2,714 | 2,714 |
| Other Assets | <u>99,258</u> | <u>86,909</u> |
| Total Assets | <u>\$ 3,851,966</u> | <u>\$ 3,580,687</u> |
| <u>Liabilities</u> | | |
| Demand Deposits | \$ 500,241 | \$ 471,114 |
| Interest Bearing Deposits: | | |
| Savings and NOW Deposits | 1,142,838 | 1,113,224 |
| Money Market Accounts | 973,696 | 919,844 |
| Time Deposits | <u>383,832</u> | <u>388,236</u> |
| Total Interest Bearing Deposits | <u>2,500,366</u> | <u>2,421,304</u> |
| Total Deposits | 3,000,607 | 2,892,418 |
| Borrowed Funds: | | |
| Securities Sold Under Agreements to Repurchase | 256,883 | 219,336 |
| Other Borrowed Funds | <u>309,601</u> | <u>215,939</u> |
| Total Borrowed Funds | 566,484 | 435,275 |
| Other Liabilities | 50,804 | 34,025 |
| Subordinated Debentures | <u>36,083</u> | <u>36,083</u> |
| Total Liabilities | 3,653,978 | 3,397,801 |
| Total Stockholders' Equity | <u>197,988</u> | <u>182,886</u> |
| Total Liabilities & Stockholders' Equity | <u>\$ 3,851,966</u> | <u>\$ 3,580,687</u> |
| Total Average Earning Assets - QTD | <u>\$ 3,738,382</u> | <u>\$ 3,503,801</u> |
| Total Average Earning Assets - YTD | <u>\$ 3,687,537</u> | <u>\$ 3,438,873</u> |

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

| | June 30, 2015 | June 30, 2014 |
|---|------------------|------------------|
| <u>Performance Measures:</u> | | |
| Earnings per average Class A share, diluted, quarter | \$ 1.06 | \$ 1.01 |
| Earnings per average Class A share, diluted, year-to-date | \$ 1.95 | \$ 1.89 |
| Return on average assets, year-to-date | 0.57% | 0.59% |
| Return on average stockholders' equity, year-to-date | 11.09% | 11.61% |
| Net interest margin (taxable equivalent), quarter | 2.19% | 2.20% |
| Net interest margin (taxable equivalent), year-to-date | 2.16% | 2.23% |
| Efficiency ratio, year-to-date | 64.3% | 62.5% |
| Book value per share | \$ 36.71 | \$ 33.88 |
| Tangible book value per share | \$ 36.22 | \$ 33.39 |
| Tangible capital / tangible assets | 5.16% | 5.22% |

Common Share Data:

| | | |
|---|------------------|------------------|
| Average Class A shares outstanding, diluted, quarter | 5,567,909 | 5,558,032 |
| Average Class A shares outstanding, diluted, year-to-date | 5,567,909 | 5,558,105 |
| Shares outstanding Class A | 3,600,729 | 3,589,129 |
| Shares outstanding Class B | 1,967,180 | 1,967,580 |
| Total shares outstanding at period end | <u>5,567,909</u> | <u>5,556,709</u> |

Asset Quality and Other Data:

| | | |
|--|----------------|--------------|
| Allowance for loan losses / loans | 1.44% | 1.65% |
| Nonaccrual loans | \$ 2,186 | \$ 2,845 |
| Nonperforming assets | \$ 4,101 | \$ 2,845 |
| Loans 90 days past due and still accruing | \$ - | \$ 614 |
| Accruing troubled debt restructures | \$ 3,024 | \$ 5,883 |
| Net (recoveries)charge-offs, year-to-date | \$ 274 | \$ 269 |
| Leverage ratio | 6.58% * | 6.47% |
| Common equity tier 1 risk weighted capital ratio | 10.24% * | n/a |
| Tier 1 risk weighted capital ratio | 11.85% * | 13.64% |
| Total risk weighted capital ratio | 12.87% * | 14.89% |
| Total risk weighted assets | \$ 2,174,045 * | \$ 1,733,137 |

* computed utilizing recently implemented Basel III regulatory capital framework.