

CENTURY BANCORP INC
Form 10-Q
May 08, 2012
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2012.

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 0-15752

CENTURY BANCORP, INC.

(Exact name of registrant as specified in its charter)

COMMONWEALTH OF MASSACHUSETTS
 (State or other jurisdiction of

04-2498617
 (I.R.S. Employer

incorporation or organization)

Identification No.)

400 MYSTIC AVENUE, MEDFORD, MA
 (Address of principal executive offices)

02155
 (Zip Code)

(781) 391-4000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15 (d) of the Securities and Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. (See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act). (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of April 30, 2012, the Registrant had outstanding:

Class A Common Stock, \$1.00 par value	3,556,429 Shares
Class B Common Stock, \$1.00 par value	1,991,880 Shares

Table of Contents**Century Bancorp, Inc.**

	Index	Page Number
Part I	Financial Information	
	<u>Forward Looking Statements</u>	3
Item 1.	Financial Statements (unaudited)	
	<u>Consolidated Balance Sheets: March 31, 2012 and December 31, 2011</u>	4
	<u>Consolidated Statements of Income: Three months ended March 31, 2012 and 2011</u>	5
	<u>Consolidated Statements of Comprehensive Income Three months ended March 31, 2012 and 2011</u>	6
	<u>Consolidated Statements of Changes in Stockholders' Equity: Three months ended March 31, 2012 and 2011</u>	7
	<u>Consolidated Statements of Cash Flows: Three months ended March 31, 2012 and 2011</u>	8
	<u>Notes to Consolidated Financial Statements</u>	9-26
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	26-34
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	34
Item 4.	<u>Controls and Procedures</u>	34-35
Part II.	Other Information	
Item 1.	<u>Legal Proceedings</u>	35
Item 1A.	<u>Risk Factors</u>	35
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	35
Item 3.	<u>Defaults Upon Senior Securities</u>	35
Item 5.	<u>Other Information</u>	35
Item 6.	<u>Exhibits</u>	36
	<u>Signatures</u>	37
Exhibits	Ex-31.1	
	Ex-31.2	
	Ex-32.1	
	Ex-32.2	
	Ex-101 Instance Document	
	Ex-101 Schema Document	
	Ex-101 Calculation Linkbase Document	
	Ex-101 Labels Linkbase Document	
	Ex-101 Presentation Linkbase Document	
	Ex-101 Definition Linkbase Document	

Table of Contents

Forward Looking Statements

Except for the historical information contained herein, this Quarterly Report on Form 10-Q may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 as amended and Section 21E of the Securities Exchange Act of 1934 as amended. Investors are cautioned that forward-looking statements are inherently uncertain. Actual performance and results of operations may differ materially from those projected or suggested in the forward-looking statements due to certain risks and uncertainties, including, without limitation, (i) the fact that the Company's success is dependent to a significant extent upon general economic conditions in New England, (ii) the fact that the Company's earnings depend to a great extent upon the level of net interest income (the difference between interest income earned on loans and investments and the interest expense paid on deposits and other borrowings) generated by the Bank and thus the Bank's results of operations may be adversely affected by increases or decreases in interest rates, (iii) the fact that the banking business is highly competitive and the profitability of the Company depends upon the Bank's ability to attract loans and deposits within its market area, where the Bank competes with a variety of traditional banking and other institutions such as credit unions and finance companies, and (iv) the fact that a significant portion of the Company's loan portfolio is comprised of commercial loans, exposing the Company to the risks inherent in loans based upon analyses of credit risk, the value of underlying collateral, including real estate, and other more intangible factors, which are considered in making commercial loans. Accordingly, the Company's profitability may be negatively impacted by errors in risk analyses, and by loan defaults, and the ability of certain borrowers to repay such loans may be adversely affected by any downturn in general economic conditions. These factors, as well as general economic and market conditions, may materially and adversely affect the market price of shares of the Company's common stock. Because of these and other factors, past financial performance should not be considered an indicator of future performance. The forward-looking statements contained herein represent the Company's judgment as of the date of this Form 10-Q, and the Company cautions readers not to place undue reliance on such statements.

Table of Contents**PART I - Item 1****Century Bancorp, Inc.****Consolidated Balance Sheets (unaudited)****(In thousands, except share data)**

	March 31, 2012	December 31, 2011
Assets		
Cash and due from banks	\$ 43,266	\$ 50,187
Federal funds sold and interest-bearing deposits in other banks	87,996	157,579
Total cash and cash equivalents	131,262	207,766
Short-term investments	13,303	18,351
Securities available-for-sale, amortized cost \$1,297,282 and \$1,244,972, respectively	1,313,839	1,258,676
Securities held-to-maturity, fair value \$321,917 and \$184,822, respectively	316,223	179,368
Federal Home Loan Bank of Boston stock, at cost	15,146	15,531
Loans, net:		
Commercial and industrial	81,882	82,404
Construction and land development	36,937	56,819
Commercial real estate	502,413	487,495
Residential real estate	249,981	239,307
Home equity	109,817	110,786
Consumer and other	6,946	7,681
Total loans, net	987,976	984,492
Less: allowance for loan losses	17,434	16,574
Net loans	970,542	967,918
Bank premises and equipment	21,848	21,757
Accrued interest receivable	6,094	6,022
Goodwill	2,714	2,714
Core deposit intangible	23	120
Other assets	64,978	65,002
Total assets	\$ 2,855,972	\$ 2,743,225
Liabilities		
Deposits:		
Demand deposits	\$ 360,308	\$ 365,854
Savings and NOW deposits	746,741	708,988
Money market accounts	645,143	616,241
Time deposits	439,474	433,501
Total deposits	2,191,666	2,124,584
Securities sold under agreements to repurchase	142,230	143,320
Other borrowed funds	241,143	244,143
Subordinated debentures	36,083	36,083

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Due to broker	44,423	
Other liabilities	34,490	34,446
Total liabilities	2,690,035	2,582,576

Stockholders Equity

Preferred stock - \$1.00 par value; 100,000 shares authorized; no shares issued and outstanding		
Class A common stock, \$1.00 par value per share; authorized 10,000,000 shares; issued 3,556,429 shares and 3,548,317 shares, respectively	3,556	3,548
Class B common stock, \$1.00 par value per share; authorized 5,000,000 shares; issued 1,991,880 and 1,994,380 shares, respectively	1,992	1,994
Additional paid-in capital	11,708	11,587
Retained earnings	149,302	146,039
	166,558	163,168
Unrealized gains on securities available-for-sale, net of taxes	10,055	8,319
Pension liability, net of taxes	(10,676)	(10,838)
Total accumulated other comprehensive income(loss), net of taxes	(621)	(2,519)
Total stockholders equity	165,937	160,649
Total liabilities and stockholders equity	\$ 2,855,972	\$ 2,743,225

See accompanying notes to unaudited consolidated interim financial statements.

Table of Contents**Century Bancorp, Inc.****Consolidated Statements of Income (unaudited)****(In thousands, except share data)**

	Three months ended March 31,	
	2012	2011
Interest income		
Loans	\$ 12,048	\$ 12,105
Securities held-to-maturity	1,463	1,773
Securities available-for-sale	5,715	5,353
Federal funds sold and interest-bearing deposits in other banks	139	347
Total interest income	19,365	19,578
Interest expense		
Savings and NOW deposits	534	712
Money market accounts	605	705
Time deposits	1,681	2,279
Securities sold under agreements to repurchase	92	110
Other borrowed funds and subordinated debentures	2,051	1,845
Total interest expense	4,963	5,651
Net interest income	14,402	13,927
Provision for loan losses	1,100	1,200
Net interest income after provision for loan losses	13,302	12,727
Other operating income		
Service charges on deposit accounts	1,988	1,887
Lockbox fees	699	737
Net gain on sales of investments	148	164
Other income	784	747
Total other operating income	3,619	3,535
Operating expenses		
Salaries and employee benefits	8,141	7,341
Occupancy	1,122	1,251
Equipment	583	558
FDIC assessments	407	735
Other	2,547	2,325
Total operating expenses	12,800	12,210
Income before income taxes	4,121	4,052
Provision for income taxes	313	327
Net income	\$ 3,808	\$ 3,725
Share data:		
Weighted average number of shares outstanding, basic	5,544,748	5,540,583

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Weighted average number of shares outstanding, diluted	5,545,711	5,541,927
Net income per share, basic	\$ 0.69	\$ 0.67
Net income per share, diluted	\$ 0.69	\$ 0.67
Cash dividends paid:		
Class A common stock	\$ 0.12	\$ 0.12
Class B common stock	\$ 0.06	\$ 0.06

See accompanying notes to unaudited consolidated interim financial statements.

Page 5 of 37

Table of Contents

Century Bancorp, Inc.

Consolidated Statements of Comprehensive Income (unaudited)

(In thousands, except share data)

	Three months ended March 31,	
	2012	2011
Net income	\$ 3,808	\$ 3,725
Other comprehensive income, net of tax:		
