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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark One)

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

For the fiscal year ended December 31, 2020

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

For the transition period from ___________ to ___________

Commission file number 0-15752

CENTURY BANCORP, INC.

(Exact name of registrant as specified in its charter)

COMMONWEALTH OF MASSACHUSETTS	**04-2498617**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification number)**
400 MYSTIC AVENUE, MEDFORD, MA	**02155**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number including area code:
(781) 391-4000

Securities registered pursuant to Section 12(b) of the Act:

Title of class	Trading Symbol(s)	Name of exchange
Class A Common Stock, $1.00 par value	CNBKA	Nasdaq Global Market

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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 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, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulations S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

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

Large accelerated filer	☐	Accelerated filer	☑
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

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

State the aggregate market value of the registrant's voting and nonvoting stock held by nonaffiliates, computed using the closing price as reported on Nasdaq as of June 30, 2020 was $282,567,303.

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of February 28, 2021:

Class A Common Stock, $1.00 par value 3,656,469 Shares
Class B Common Stock, $1.00 par value 1,911,440 Shares

DOCUMENTS INCORPORATED BY REFERENCE

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to Rule 424(b) or (c) under the Securities Act of 1933. The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 24, 1980).

(1) Portions of the Registrant's Annual Report to Stockholders for the fiscal year ended December 31, 2020 are incorporated into Part II, Items 5-8 of this Form 10-K.

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PART I

ITEM 1. *BUSINESS*

The Company

Century Bancorp, Inc. (together with its bank subsidiary, unless the context otherwise requires, the “Company”) is a Massachusetts state-chartered bank holding company headquartered in Medford, Massachusetts. The Company is a Massachusetts corporation formed in 1972 and has one banking subsidiary (the “Bank”): Century Bank and Trust Company formed in 1969. At December 31, 2020, the Company had total assets of $6.4 billion. Currently, the Company operates 27 banking offices in 20 cities and towns in Massachusetts, ranging from Braintree in the south to Andover in the north. The Bank’s customers consist primarily of small and medium-sized businesses and retail customers in these communities and surrounding areas, as well as local governments and large healthcare and higher education institutions throughout Massachusetts, New Hampshire, Rhode Island, Connecticut, New York, Virginia, Washington DC, and Pennsylvania.

The Company’s results of operations are largely dependent on net interest income, which is the difference between the interest earned on loans and securities and interest paid on deposits and borrowings. The results of operations are also affected by the level of income and fees from loans and deposits, as well as operating expenses, the provision for loan losses, the impact of federal and state income taxes and the relative levels of interest rates and economic activity.

The Company offers a wide range of services to commercial enterprises, state and local governments and agencies, non-profit organizations, and individuals. It emphasizes service to small and medium-sized businesses and retail customers in its market area. The Company makes commercial loans, real estate and construction loans and consumer loans, and accepts savings, time, and demand deposits. In addition, the Company offers to its corporate and institutional customers automated lock box collection services, cash management services and account reconciliation services, and actively promotes the marketing of these services to the municipal market. Also, the Company provides full service securities brokerage services through a program called Investment Services at Century Bank, which is supported by LPL Financial, a third party full-service securities brokerage business.

The Company has municipal cash management client engagements in Massachusetts, New Hampshire and Rhode Island comprised of approximately 302 government entities.

Availability of Company Filings

Under the Securities Exchange Act of 1934, Sections 13 and 15(d), periodic and current reports must be filed with the Securities and Exchange Commission (the “SEC”). The Company electronically files with the SEC its periodic and current reports, as well as other filings it makes with the SEC from time to time. The SEC maintains an Internet site that contains reports and other information regarding issuers, including the Company, that file electronically with the SEC, at www.sec.gov, in which all forms filed electronically may be accessed. Additionally, our annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and additional shareholder information are available free of charge on the Company’s website: www.centurybank.com.

Employees and Human Capital Resources

As of December 31, 2020, the Company had 418 full-time and 50 part-time employees. The Company’s employees are not represented by any collective bargaining unit. The Company believes that its employee relations are good. We encourage and support the growth and development of our employees. Continual learning and career development is advanced through ongoing performance and development conversations with employees, internally developed training programs, customized corporate training engagements and educational reimbursement programs.

The safety, health and wellness of our employees is a top priority. The COVID-19 pandemic presented a unique challenge with regard to maintaining employee safety while continuing successful operations. Through teamwork and the adaptability of our management and staff, we were able to transition, over a short period of time, 28% of our employees to effectively working from remote locations and ensure a safely-distanced working environment for employees performing customer facing activities at branches and operations centers. All employees are asked not to come to work when they experience signs or symptoms of a possible COVID-19 illness and have been provided additional paid time off to cover compensation during such absences. On an ongoing basis, we further promote the health and wellness of our employees by strongly encouraging work-life balance, offering flexible work schedules, keeping the employee portion of health care premiums to a minimum and sponsoring various wellness programs. We believe our commitment to living out our core values, actively prioritizing concern for our employees' well-being, supporting our employees' career goals, offering competitive wages and providing valuable fringe benefits aids in retention of our top-performing employees.

Supervision and Regulation

The Company and the Bank are subject to extensive regulation under federal and state laws designed to promote the safety and soundness of depository institutions and protect consumers.

Among other requirements, these laws require extensive disclosures to consumers concerning the substantive terms of the deposit taking, lending, and payment services provided by the Bank, regulate the collection, use and disclosure of non-public personal information concerning consumers and require disclosure of privacy practices, prohibit unfair, deceptive and/or abusive acts or practices, and address other matters. Violations of consumer protection laws can result in substantial civil money penalties and other consequences.

The Community Reinvestment Act requires the Federal Deposit Insurance Corporation to evaluate the Bank's performance in helping to meet the credit needs of the entire communities it serves, generally based upon the Banks record of making loans in its assessment area, its investments in community development projects, affordable housing and programs that benefit low-to-moderate income persons and geographies, and its delivery of services through its branch offices and ATMs. Failure to achieve at least a "Satisfactory" rating under the Community Reinvestment Act could prevent the Bank or the Company from undertaking certain activities in the future, including establishment of new branch offices and the acquisition of other financial institutions. Massachusetts has a law that is substantially equivalent to the federal Community Reinvestment Act.

Federal law requires financial institutions such as the Bank to implement a written anti-money laundering program to mitigate risk that the financial services it provides may be used to facilitate money laundering and terrorist financing, including verifying the identify its customers and beneficial owners of legal entity customers, and monitoring and reporting to the government suspicious activity.

Banking laws require banks and bank holding companies to operate with at least a minimum level of capital, restrict dividends payable by banks and bank holding companies and require bank holding companies to serve as a source of financial strength to their subsidiary banks. These laws may limit the Company's capacity to declare and pay dividends to shareholders and may require the Company to take actions to support the Bank even at times when the Company may not necessarily have the resources to do so.

Certain aspects of federal and state banking laws are described below.

Financial Services Modernization

On November 12, 1999, President Clinton signed into law The Gramm-Leach-Bliley Act ("Gramm-Leach") which significantly altered banking laws in the United States. Gramm-Leach enables combinations among banks, securities firms and insurance companies beginning March 11, 2000. As a result of Gramm Leach, many of the depression-era laws that restricted these affiliations and other activities that may be engaged in by banks and bank holding companies were repealed. Under Gramm-Leach, bank holding companies are permitted to offer their customers virtually any type of financial service that is financial in nature or incidental thereto, including banking, securities underwriting, insurance (both underwriting and agency) and merchant banking.

In order to engage in these financial activities, a bank holding company must qualify and register with the Federal Reserve Board as a "financial holding company" by demonstrating that each of its bank subsidiaries is "well capitalized," "well managed," and has at least a "satisfactory" rating under the Community Reinvestment Act of 1977 (the "CRA"). The Company has not elected to become a financial holding company under Gramm-Leach.

These financial activities authorized by Gramm-Leach may also be engaged in by a "financial subsidiary" of a national or state bank, except for insurance or annuity underwriting, insurance company portfolio investments, real estate investment and development and merchant banking, which must be conducted in a financial holding company. In order for the new financial activities to be engaged in by a financial subsidiary of a national or state bank, Gramm-Leach requires each of the parent bank (and any bank affiliates) to be "well capitalized" and "well managed;" the aggregate consolidated assets of all of that bank's financial subsidiaries may not exceed the lesser of 45% of its consolidated total assets or $50 billion; the bank must have at least a satisfactory CRA rating; and, if the bank is one of the 100 largest banks, it must meet certain financial rating or other comparable requirements. The Company does not currently conduct activities through a financial subsidiary.

Gramm-Leach establishes a system of functional regulation, under which the federal banking agencies will regulate the banking activities of financial holding companies and banks' financial subsidiaries, the SEC will regulate their securities activities, and state insurance regulators will regulate their insurance activities. Gramm-Leach also provides new protections against the transfer and use by financial institutions of consumers' nonpublic, personal information.

Holding Company Regulation

The Company is a bank holding company as defined by the Bank Holding Company Act of 1956, as amended (the "Holding Company Act") and is registered as such with the Board of Governors of the Federal Reserve System (the "FRB"), which is responsible for administration of the Holding Company Act. Although the Company may meet the qualifications for electing to become a financial holding company under Gramm-Leach, the Company has elected to retain its pre-Gramm-Leach status for the present time under the Holding Company Act. As required by the Holding Company Act, the Company files with the FRB an annual report regarding its financial condition and operations, management and intercompany relationships of the Company and the Bank. It is also subject to examination by the FRB and must obtain FRB approval before (i) acquiring direct or indirect ownership or control of more than 5% of the voting stock of any bank or bank holding company, unless it already owns or controls a majority of the voting stock of that bank or bank holding company, (ii) acquiring all or substantially all of the assets of a bank, except through a subsidiary which is a bank, or (iii) merging or consolidating with any other bank holding company. A bank holding company must also give the FRB prior written notice before purchasing or redeeming its equity securities, if the gross consideration for the purchase or redemption, when aggregated with the net consideration paid by the company for all such purchases or redemptions during the preceding 12 months, is equal to 10% or more of the company's consolidated net worth.

The Holding Company Act prohibits a bank holding company, with certain exceptions, from (i) acquiring direct or indirect ownership or control of more than 5% of any class of voting shares of any company which is not a bank or a bank holding company, or (ii) engaging in any activity other than managing or controlling banks or furnishing services to or performing services for its subsidiaries. A bank holding company may own, however, shares of a company engaged in activities which the FRB has determined are so closely related to banking or managing or controlling banks as to be a proper incident thereto.

The Company and its subsidiaries are examined by federal and state regulators.

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USA PATRIOT Act

Under Title III of the USA PATRIOT Act, also known as the "International Money Laundering Abatement and Anti-Terrorism Act of 2001", all financial institutions are required in general to identify their customers, adopt formal and comprehensive anti-money laundering programs, scrutinize, or prohibit altogether certain transactions of special concern, and be prepared to respond to inquiries from U.S. law enforcement agencies concerning their customers and their transactions. Additional information-sharing among financial institutions, regulators, and law enforcement authorities is encouraged by the presence of an exemption from the privacy provisions of the Gramm-Leach Act for financial institutions that comply with this provision and the authorization of the Secretary of the Treasury to adopt rules to further encourage cooperation and information-sharing. The effectiveness of a financial institution in combating money laundering activities is a factor to be considered in any application submitted by the financial institution under the Holding Company Act or Bank Merger Act.

Sarbanes-Oxley Act

The Sarbanes-Oxley Act, signed into law July 30, 2002, addresses, among other issues, corporate governance, auditor independence and accounting standards, executive compensation, insider loans, whistleblower protection and enhanced and timely disclosure of corporate information. The SEC has adopted a substantial number of implementing rules and the Financial Industry Regulatory Authority (FINRA) has adopted corporate governance rules that have been approved by the SEC and are applicable to the Company. The changes are intended to allow stockholders to monitor more effectively the performance of companies and management. As directed by Section 302(a) of the Sarbanes-Oxley Act, the Company's Chief Executive Officer and Chief Financial Officer are each required to certify that the Company's quarterly and annual reports do not contain any untrue statement of a material fact. This requirement has several parts, including certification that these officers are responsible for establishing, maintaining and regularly evaluating the effectiveness of the Company's disclosure controls and procedures and internal controls over financial reporting; that they have made certain disclosures to the Company's auditors and the Board of Directors about the Company's disclosure controls and procedures and internal control over financial reporting, and that they have included information in the Company's quarterly and annual reports about their evaluation of the Company's disclosure controls and procedures and internal control over financial reporting, and whether there have been significant changes in the Company's internal disclosure controls and procedures or in other factors that could significantly affect such controls and procedures subsequent to the evaluation and whether there have been any significant changes in the Company's internal control over financial reporting that have materially affected or reasonably likely to materially affect the Company's internal control over financial reporting, and compliance with certain other disclosure objectives. Section 906 of the Sarbanes-Oxley Act requires an additional certification that each periodic report containing financial statements fully complies with the requirements of Section 13(a) and 15(d) of the Securities Exchange Act of 1934 and that the information in the report fairly presents, in all material respects, the financial conditions and results of operations of the Company.

Dodd-Frank Wall Street Reform and Consumer Protection Act

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "D-F Act") became law. The D-F Act was intended to address many issues arising in the recent financial crisis and is exceedingly broad in scope, affecting many aspects of bank and financial market regulation. The D-F Act requires, or permits by implementing regulation, enhanced prudential standards for banks and bank holding companies inclusive of capital, leverage, liquidity, concentration, and exposure measures. In addition, traditional bank regulatory principles such as restrictions on transactions with affiliates and insiders were enhanced. The D-F Act also contains reforms of consumer mortgage lending practices and creates a Bureau of Consumer Financial Protection, which is granted broad authority over consumer financial practices of banks and others. It is expected as the specific new or incremental requirements applicable to the Company become effective that the costs and difficulties of remaining compliant with all such requirements will increase. The D-F Act broadened the base for FDIC assessments to average consolidated assets less tangible equity of financial institutions and also permanently raises the current standard maximum FDIC deposit insurance amount to $250,000.

In addition, the D-F Act added a new Section 13 to the Bank Holding Company Act, the so-called "Volcker Rule," (the "Rule") which generally restricts certain banking entities such as the Company and its subsidiaries or affiliates, from engaging in proprietary trading activities and owning equity in or sponsoring any private equity or hedge fund. The Rule became effective July 21, 2012. The final implementing regulations for the Rule were issued by various regulatory agencies in December 2013 and under an extended conformance regulation compliance was required to be achieved by July 21, 2015. The conformance period for investments in and relationships with certain "legacy covered funds" was extended to July 21, 2017. Under the Rule, the Company may be restricted from engaging in proprietary trading, investing in third party hedge or private equity funds or sponsoring new funds unless it qualifies for an exemption from the rule. The Company has little involvement in prohibited proprietary trading or investment activities in covered funds and the Company does not expect that complying with the requirements of the Rule will have any material effect on the Company's financial condition or results of operation. The federal banking agencies have issued amendments to the Rule to provide greater clarity and certainty about what activities are prohibited and to improve the effective allocation of compliance resources, and to conform the Rule to the EGRRCPA (discussed below). In addition, pursuant to the Economic Growth, Regulatory Relief, and Consumer Protection Act, or EGRRCPA, which was enacted on May 24, 2018, the Volcker rule excludes from its coverage an insured depository institution if it has and if every company that controls it has total consolidated assets of $10 billion or less and consolidated trading assets and liabilities that are 5% or less of consolidated assets.

Tax Cuts and Jobs Act

On December 22, 2017, the Tax Cuts and Jobs Act (the "Tax Act") was enacted, which represents the most comprehensive reform to the U.S. tax code in over thirty years. The majority of the provisions of the Tax Act took effect on January 1, 2018. The Tax Act lowered the Company's federal tax rate from 34% to 21%. Also, for tax years beginning after December 31, 2017, the corporate Alternative Minimum Tax ("AMT") has been repealed. For 2018 through 2021, the AMT credit carryforward can offset regular tax liability and is refundable in an amount equal to 50% (100% for 2021) of the excess of the minimum tax credit for the tax year over the amount of the credit allowable for the year against regular tax liability. On March 27, 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law. As a result of the CARES Act, the full balance of the AMT credit was refunded during 2020. The Tax Act also contains other provisions that may affect the Company currently or in future years. Among these are changes to the deductibility of meals and entertainment, the deductibility of executive compensation, the dividend received deduction and net operating loss carryforwards. Tax Act changes for individuals include lower tax rates, mortgage interest and state and local tax limitations as well as an increase in the standard deduction, among others.

Coronavirus Aid, Relief and Economic Security (CARES) Act, Families First Coronavirus Response Act (FFCRA), and Coronavirus Response and Relief Supplemental Appropriations Act of 2021

On March 18, 2020 the Families First Coronavirus Response Act (FFCRA) was signed into law and on March 27, 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law. The FFCRA and the CARES Act provide relief for families and businesses impacted by the coronavirus pandemic. The provisions in this legislation include, among other things, loan programs for businesses, expanded unemployment insurance benefits, stimulus payments to certain taxpayers, new provisions on sick leave and family leave, and funding for a variety of health-related efforts and government programs. Also, as a result of the CARES Act, the full balance of the AMT credit was refunded in 2020.

In response to the pandemic, on March 27, 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law. The CARES Act, among other things, provides cash payments to certain individuals and has various programs for businesses. In particular, it includes the Payroll Protection Program (PPP) which provides forgivable loans to qualified small businesses, primarily to allow these businesses to continue to pay their employees. The original amount allocated to the program was $349 billion, which was exhausted on April 16, 2020. On April 24, 2020, an additional allocation of $310 billion was signed into law. These loans are funded by participating banks and are 100% guaranteed by the U.S. Small Business Administration (SBA). If utilized primarily for payroll, subject to certain other conditions, the loans may be forgiven, in whole or in part, and repaid by the SBA. During 2020, the Company participated in the SBA PPP program. PPP originations totaled approximately 1,300 loans for approximately $232 million. As of December 31, 2020, Century Bank's PPP loans totaled approximately 1,157 loans for approximately $196 million. The fees collected, from the SBA, amount to approximately $8.0 million. Cost deferrals amounted to approximately $1.2 million. The fees and costs are being amortized over the lives of the loans utilizing the level-yield method.

Under Section 4013 of the CARES Act, loans less than 30 days past due as of December 31, 2019 will be considered current for COVID-19 modifications. The Company can then suspend the requirements under GAAP for loan modifications related to COVID-19 that would otherwise be categorized as a Troubled Debt Restructuring (TDR), and suspend any determination of a loan modified as a result of COVID-19 as being a TDR, including the requirement to determine impairment for accounting purposes.

As of December 31, 2020, and as a result of COVID-19 loan modifications, the Company has modifications of 20 loans aggregating approximately $25 million, primarily consisting of short-term payment deferrals. Of these modifications, $25 million, or 100%, were performing in accordance with their modified terms.

The CARES Act also allows companies to delay Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, Measurement of Credit Losses on Financial Instruments (CECL), including the current expected credit losses methodology for estimating allowances for credit losses. The Company elected to delay FASB ASU 2016-13. This ASU was delayed until the earlier of the date on which the national emergency concerning the COVID–19 outbreak declared by the President on March 15, 2020 terminates or December 31, 2020, with an effective retrospective implementation date of January 1, 2020. On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 was signed into law. The law changed the delayed implementation date to the earlier of the Company's fiscal year that begins after the date on which the national emergency terminates or January 1, 2022.

Economic Growth, Regulatory Relief, and Consumer Protection Act

The EGRRCPA requires the federal banking agencies to develop a community bank leverage ratio (defined as the ratio of tangible equity capital to average total consolidated assets) for banks and holding companies with total consolidated assets of less than $10 billion and an appropriate risk profile. The required regulations must specify a minimum community bank leverage ratio of not less than 8% and not more than 10%. The federal banking agencies jointly issued a final rule, effective January 1, 2020, which set the minimum ratio at 9%. Qualifying banks that exceed the minimum community bank leverage ratio will be deemed to be in compliance with all other capital and leverage requirements including the capital ratio requirements that are required to be considered well capitalized under Section 38 of Federal Deposit Insurance Act. On March 27, 2020, the CARES Act was enacted to address the economic effects of the COVID-19 pandemic. The CARES Act reduced the community bank leverage ratio from 9% to 8% until the earlier of the end of the national emergency related to the COVID-19 pandemic or December 31, 2020. In response to the CARES Act, federal banking regulators set the community bank leverage ratio at 8% for the remainder of 2020, 8.5% for 2021 and 9% thereafter. The Company and the Bank have not elected to use the community bank leverage framework.

Deposit Insurance Premiums

The Bank's deposits are insured by the FDIC insurance up to applicable limits. The FDIC's Deposit Insurance Fund is funded by assessments on insured depository institutions, which depend on the risk category of an institution and the amount of assets that it holds. The FDIC may increase or decrease the assessment rate schedule on a semi-annual basis. Deposit insurance premiums are based on total consolidated assets less average tangible equity. In 2016, the FDIC's Board of Directors adopted a final rule that changed the manner in which deposit insurance assessment rates are calculated for established small banks, generally those banks with less than $10 billion of assets that have been insured for at least five years. The rule utilizes the CAMELS rating system, which is a supervisory rating system designed to take into account and reflect all financial and operational risks that a bank may face, including capital adequacy, asset quality, management capability, earnings, liquidity and sensitivity to market risk. To determine a bank's assessment rate, each of seven financial ratios and a weighted average of CAMELS component ratings are multiplied by a corresponding pricing multiplier. The sum of these products is added to a uniform amount, with the resulting sum being an institution's initial base assessment rate (subject to minimum or maximum assessment rates based on a bank's CAMELS composite rating). This method takes into account various measures, including an institution's leverage ratio, brokered deposit ratio, one-year asset growth, the ratio of net income before taxes to total assets and considerations related to asset quality. In December 2018, the FDIC issued a final rule to implement a provision in EGRRCPA providing a limited exception for a capped amount of reciprocal deposits from treatment as brokered deposits for qualifying institutions.

On January 24, 2019, the FDIC notified the Company that $1.2 million of small bank assessment credits were available to offset quarterly FDIC assessment charges. The FDIC Deposit Insurance Fund Reserve Ratio reached 1.40% as of June 30, 2019, and the FDIC first applied small bank credits on the September 30, 2019 assessment invoice (for the second quarter of 2019). The FDIC will continue to apply small bank credits so long as the Reserve Ratio is at least 1.35%. After applying small bank credits for four quarters, the FDIC will remit the value of any remaining small bank credits in the next assessment period in which the Reserve Ratio is at least 1.35%. The Company utilized the remaining small bank assessment credit during 2020.

Risk-Based Capital Guidelines

Federal banking regulators have issued risk-based capital guidelines, which assign risk weights to asset categories and off-balance-sheet items and require banking organizations to maintain capital as a specified percentage of risk-weighted assets and a minimum. Also, the Basel Committee has issued capital standards entitled "Basel III: A global regulatory framework for more resilient banks and banking systems" ("Basel III"). The Federal Reserve Board has finalized its rule implementing the Basel III regulatory capital framework. The rule that came into effect in January 2015 sets the Basel III minimum regulatory capital requirements for all organizations. It included a new common equity Tier I ratio of 4.5 percent of risk-weighted assets, raised the minimum Tier I capital ratio from 4 percent to 6 percent of risk-weighted assets and would set a new conservation buffer of 2.5 percent of risk-weighted assets. The implementation of the framework did not have a material impact on the Company's financial condition or results of operations.

Competition

The Company experiences substantial competition in attracting deposits and making loans from commercial banks, thrift institutions and other enterprises such as insurance companies and mutual funds. These competitors include several major commercial banks whose greater resources may afford them a competitive advantage by enabling them to maintain numerous branch offices and mount extensive advertising campaigns. A number of these competitors are not subject to the regulatory oversight that the Company is subject to, which increases these competitors' flexibility.

Forward-Looking Statements

Except for the historical information contained herein, this Annual Report on Form 10-K 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 of the indeterminant length and extent of the economic contraction resulting from the COVID-19 pandemic, (ii) the fact that the Company's business, financial condition and results of operation have been or may be negatively impacted by the extent and duration of the COVID-19 pandemic, (iii) the fact that consumer behavior may change due to changing political, business and economic conditions, including increased unemployment, or legislative or regulatory initiatives, (iv) the fact that the Company's success is dependent to a significant extent upon general economic conditions in New England, (v) 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, (vi) the fact that the Bank's participation in the Paycheck Protection Program involves reputational risks (vii) 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, (viii) the fact that our operations are subject to risks including, but not limited to, cybersecurity incidents, fraud, natural disasters and future pandemics, (ix) the fact that future credit losses may be higher than currently expected due to changes in economic assumptions and adverse economic developments, and (x) 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, including those described under "Risk Factors" in Item 1A. of this Annual Report on Form 10-K, past financial performance should not be considered an indicator of future performance. You should not place undue reliance on our forward-looking statements. You should exercise caution in interpreting and relying on forward-looking statements because they are subject to significant risks, uncertainties and other factors which are, in some cases, beyond the Company's control. The forward-looking statements contained herein represent the Company's judgment as of the date of this Form 10-K, and the Company cautions readers not to place undue reliance on such statements.

ITEM 1A. RISK FACTORS

THE COVID-19 PANDEMIC

The COVID-19 pandemic, and the measures taken to control its spread, will continue to adversely impact our employees, customers, business operations and financial results, and the ultimate impact will depend on future developments, which are highly uncertain and cannot be predicted.

As a result of the COVID-19 pandemic, the Company's business, financial condition and results of operation have been and may continue to be, negatively impacted. In light of the ongoing and unprecedented nature of the pandemic, it is difficult to predict its full impact on our business. Future developments, including governmental legislation and other actions, when COVID-19 can be controlled, and when the economy may be reopened, are highly uncertain. The COVID-19 recession had adverse effects on our operating results for the year ending December 31, 2020 and possibly beyond.

The following have or may occur:

- a decline in the demand for products and services may occur due to, among other things, adverse financial impacts of the pandemic on customers, increased unemployment and temporary or permanent closures of businesses;
- deposits could decline if customers need to draw on available balances as a result of the economic downturn;
- an increase in loan delinquencies, problem assets and foreclosures due to, among other things, adverse financial impacts of the pandemic on customers;

- a decline in collateral value;
- a work stoppage, forced quarantine, or other interruption or the unavailability of key employees has occurred in various areas of the Company and may continue to occur;
- the unavailability of critical services provided by third party vendors or limitations on the business capacities of our vendors for extended periods of time;
- a decline of the yield on our assets to a greater extent than the decline in our cost of interest-bearing liabilities as the result of the reduction of the Federal Reserve Board's target federal funds rate to near 0%, reducing our net interest margin and spread and reducing net income;
- potential losses in our investment securities portfolio due to volatility in the financial markets;
- increased cybersecurity risks and a potential loss of productivity in connection with remote work arrangements;
- an increase in the allowance for loan losses has occurred and may continue to occur to accommodate potential increased loan defaults.

Our participation in the SBA's PPP may expose us to reputational harm, increased litigation risk, as well as the risk that the SBA may not fund some or all of the guarantees associated with PPP loans.

As of December 31, 2020, we have originated approximately 1,300 loans aggregating to approximately $232 million through the PPP. Lenders participating in the PPP have faced increased public scrutiny about their loan application process and procedures, and the nature and type of the borrowers receiving PPP loans. We depend on our reputation as a trusted and responsible financial services company to compete effectively in the communities that we serve, and any negative public or customer response to, or any litigation or claims that might arise out of, our participation in the PPP and any other legislative or regulatory initiatives and programs that may be enacted in response to the COVID-19 pandemic, could adversely impact our business. Other larger banks have been subject to litigation regarding the process and procedures that such banks used in processing applications for the PPP, and we may be subject to the same or similar litigation, in addition to litigation in connection with our processing of PPP loan forgiveness applications. In addition, if the SBA determines that there is a deficiency in the manner in which a PPP loan was originated, funded, or serviced by us, the SBA may deny its liability under the guaranty, reduce the amount of the guaranty, or, if it has already paid under the guaranty, seek recovery of any loss related to the deficiency from us.

BUSINESS DEVELOPMENT AND COMPETITION

We face significant and increasing competition in the financial services industry.

The banking business is highly competitive and the profitability of the Company depends upon the Company's ability to attract loans and deposits in Massachusetts, New Hampshire, Rhode Island, Connecticut, New York, Virginia, Washington DC, and Pennsylvania, where the Company competes with a variety of traditional banking companies, some of which have vastly greater resources, and nontraditional institutions such as credit unions and finance companies.

Our business may be adversely affected if we fail to adapt our products and services to evolving industry standards and consumer preferences.

The financial services industry is undergoing rapid technological changes with frequent introductions of new technology-driven products and services. The widespread adoption of new technologies, including internet services, cryptocurrencies and payment systems, could require substantial expenditures to modify or adapt our existing products and services as we grow and develop our internet and mobile banking and wealth management channel strategies in addition to remote connectivity solutions. We might not be successful in: developing or introducing new products and services; integrating new products or services into our existing offerings;

responding or adapting to changes in consumer behavior, preferences, spending, investing and/or saving habits; achieving market acceptance of our products and services; reducing costs in response to pressures to deliver products and services at lower prices; or sufficiently developing and maintaining loyal customers.

We rely on other companies to provide key components of our business infrastructure.

Third-party vendors provide key components of our business infrastructure such as internet connections, network access and core application processing. While we have selected these third party vendors carefully, using established criteria and complying with applicable regulatory guidance to evaluate each vendor's overall risk profile, capabilities, financial stability, and internal control environment, we do not control their daily business environment and actions. Any problems caused by these third parties, including as a result of their not providing us their services for any reason or their performing their services poorly, could adversely affect our ability to deliver products and services to our customers, impair our ability to conduct our business efficiently and effectively, and/or result in regulatory action, financial loss, litigation, and loss of reputation. Replacing these third party vendors could also entail significant delay and expense.

BANKING AND MARKET CONDITIONS

Changes in interest rates may hurt our earnings, results of operations and financial condition.

The Company's earnings depend, to a great extent, upon the level of net interest income generated by the Company, and therefore the Company's results of operations may be adversely affected by increases or decreases in interest rates or by the shape of the yield curve.

Our loan portfolio is subject to various credit risks.

At December 31, 2020, approximately 74.8% of the Company's loan portfolio was comprised of commercial and commercial real estate loans, exposing the Company to the risks inherent in financings 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.

At December 31, 2020, approximately 24.1% of the Company's loan portfolio was comprised of residential real estate and home equity loans, exposing the Company to the risks inherent in financings based upon analyses of credit risk and the value of underlying collateral. Accordingly, the Company's profitability may be negatively impacted by errors in risk analyses, by loan defaults and the ability of certain borrowers to repay such loans may be adversely affected by any downturn in general economic conditions.

Changes in the valuation of our securities could adversely affect us.

Economic conditions and interest rate risk could adversely impact the fair value and the ultimate collectability of the Company's investments. Should an investment be deemed "other than temporarily impaired", the Company would be required to write-down the carrying value of the investment through earnings. Such write-down(s) may have a material adverse effect on the Company's financial condition and results of operations.

Impairment of goodwill and/or intangible assets could adversely affect us.

Write-down of goodwill and other identifiable intangible assets would negatively impact our financial condition and results of operations. At December 31, 2020, our goodwill and other identifiable intangible assets were approximately $3.5 million.

Loan Customers may not be able to repay loans according to their terms.

The Company's loan customers may not repay loans according to their terms, and the collateral securing the payment of loans may be insufficient to assure repayment or cover losses. If loan customers fail to repay loans according to the terms of the loans, the Company may experience significant credit losses which could have a material adverse effect on its operating results and capital ratios.

Changes to and replacement of the LIBOR Benchmark Interest Rate may adversely affect the Company's business, financial condition, or results of operations.

On July 27, 2017, the Financial Conduct Authority (FCA), a regulator of financial services firms in the United Kingdom, announced that it intends to stop persuading or compelling banks to submit LIBOR rates after 2021. The FCA and the submitting LIBOR banks have indicated they will support the LIBOR indices through 2021 to allow for an orderly transition to an alternative reference rate. In the United States, efforts to identify a set of alternative U.S. dollar reference interest rates include proposals by the Alternative Reference Rates Committee of the Federal Reserve. Other financial services regulators and industry groups are evaluating the phase-out of LIBOR and the development of alternate reference rate indices or reference rates. The Company has loans, investment securities, borrowings and other financial instruments with attributes that are dependent on LIBOR. Although the Company has incorporated LIBOR replacement language in many of its governing documents, the transition to a new rate will require changes to risk and pricing models, valuation tools, product design and funding strategies. The Company is evaluating the potential impact of the replacement of the LIBOR benchmark interest rate, and what the impact of such a transition will have on the Company's business, financial condition, or results of operations.

BUSINESS CONTINUITY AND SECURITY RISKS

Climate change, severe weather, natural disasters, acts of terrorism and other external events could harm our business.

Natural disasters, including severe weather events of increasing strength and frequency due to climate change, can disrupt our operations, result in damage to the Company's properties, reduce or destroy the value of the collateral for the Company's loans and negatively affect the economies in which the Company operates, which could have a material adverse effect on the Company's results of operations and financial condition. A significant natural disaster, such as a tornado, hurricane, earthquake, fire or flood, could have a material adverse impact on the Company's ability to conduct business, and the Company's insurance coverage may be insufficient to compensate for losses that may occur. Acts of terrorism, war, civil unrest or pandemics, including COVID 19, could cause disruptions to the Company's business or the economy as a whole. While the Company has established and regularly tests disaster recovery procedures, the occurrence of any such event could have a material adverse effect on the Company's business, operations and financial condition.

We may not be able to successfully implement future information technology system enhancements, which could adversely affect our business operations and profitability.

The potential need to adapt to industry changes in information technology systems, on which the Company is highly dependent to secure bank and customer financial information, could present operational issues, require significant capital spending or impact the Company's reputation.

We face continuing and growing security risks to our information base, including the information we maintain relating to our customers.

In the ordinary course of our business, we collect and store sensitive data, including intellectual property, our proprietary business information and that of our customers, and business partners, and personally identifiable information of our customers and employees, in our data centers and on our networks. The secure processing, maintenance and transmission of this information is critical to our operations and business strategy. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, and regulatory penalties, disrupt our operations and the services we provide to customers, and damage our reputation, and cause a loss of confidence in our products and services, which could adversely affect our results of operations and competitive position.

REGULATORY AND LEGAL

Our business is highly regulated, and changes in the laws and regulations that apply to us could have an adverse impact on our business.

The Company is subject to extensive regulation, supervision and examination. Any change in the laws or regulations or failure by the Company to comply with applicable law and regulation, or a change in regulators' supervisory policies or examination procedures, whether by the Massachusetts Commissioner of Banks, the FDIC, the Federal Reserve Board, other state or federal regulators, the United States Congress, or the Massachusetts legislature could have a material adverse effect on the Company's business, financial condition, results of operations, and cash flows. Changes in accounting policies, practices and standards, as may be adopted by the regulatory agencies as well as the Public Company Accounting Oversight Board, the Financial Accounting Standards Board, and other accounting standard setters, could also impact the Company's financial results.

Additionally, changes in the extensive laws, regulations and policies governing companies generally and bank holding companies and their subsidiaries, such as the Act and the Tax Act, could alter the Company's business environment or affect the Company's operations.

We are subject to numerous laws designed to protect consumers, including the Community Reinvestment Act and fair lending laws, and any failure to comply with these laws could lead to a wide variety of sanctions.

The CRA, the Equal Credit Opportunity Act, the Fair Housing Act and other fair lending laws and regulations impose community investment and nondiscriminatory lending requirements on financial institutions. The CFPB, the Department of Justice and other federal agencies are responsible for enforcing these laws and regulations. A successful regulatory challenge to an institution's performance under the CRA, the Equal Credit Opportunity Act, the Fair Housing Act or other fair lending laws and regulations could result in a wide variety of sanctions, including damages and civil money penalties, injunctive relief, restrictions on mergers and acquisitions, restrictions on expansion and restrictions on entering new business lines. Private parties may also have the ability to challenge an institution's performance under fair lending laws in private class action litigation. Such actions could have an adverse effect on our business, reputation, results of operation, and financial condition.

These factors, as well as general economic and market conditions in the United States of America, may materially and adversely affect the Company's performance, results of operations and the market price of shares of the Company's Class A common stock.

ITEM 1B. ***UNRESOLVED STAFF COMMENTS***

No written comments received by the Company from the SEC regarding the Company's periodic or current reports remain unresolved.

ITEM 2. ***PROPERTIES***

The Company owns its main banking office, headquarters, and operations center in Medford, Massachusetts, which were expanded in 2004, and 11 of the 26 other facilities in which its branch offices are located. The remaining offices are occupied under leases expiring on various dates from 2021 to 2030. The Company believes that its banking offices are in good condition.

During the third quarter of 2019, the Company purchased the existing Brookline branch location that the Company was leasing. Also, during the third quarter of 2019, the Company purchased a future branch location in Salem, New Hampshire. The Company plans to open this branch during the first quarter of 2021. During the second quarter of 2020, the Company executed a lease for a future branch location in Needham, Massachusetts. The Company plans to open this branch during the third quarter of 2021.

ITEM 3. *LEGAL PROCEEDINGS*

The Company and its subsidiaries are parties to various claims and lawsuits arising in the course of their normal business activities. Although the ultimate outcome of these suits cannot be ascertained at this time, it is the opinion of management that none of these matters, even if it resolved adversely to the Company, will have a material adverse effect on the Company's consolidated financial position.

ITEM 4. *MINE SAFETY DISCLOSURES*

Not applicable.

PART II

ITEM 5. ***MARKET FOR REGISTRANT ' S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES***

(a) The Class A Common Stock of the Company is traded on the NASDAQ National Global Market under the symbol "CNBKA." The Company's Class B Common Stock is not traded on any national securities exchange or other public trading market.

The shares of Class A Common Stock are generally not entitled to vote on any matter, including in the election of Company Directors, but, in limited circumstances, may be entitled to vote as a class on certain extraordinary transactions, including any merger or consolidation (other than one in which the Company is the surviving corporation or one which by law may be approved by the directors without any stockholder vote) or the sale, lease, or exchange of all or substantially all of the property and assets of the Company. Since the vote of a majority of the shares of the Company's Class B Common Stock, voting as a separate class, is required to approve certain extraordinary corporate transactions, the holders of Class B Common Stock have the power to prevent any takeover of the Company not approved by them.

(b) Approximate number of equity security holders as of December 31, 2020:

Title of Class	Approximate Number of Record Holders
Class A Common Stock	750
Class B Common Stock	40

(c) The Company has historically paid a quarterly cash dividend. During 2020, the quarterly dividend has increased resulting in annual dividends of $0.54 on Class A shares and $0.27 on Class B shares as compared to $0.48 and $0.24, respectively for 2019. The Company anticipates it will continue to pay a quarterly cash dividend and will evaluate the amount of these dividends on a quarterly basis.

(d) The performance graph information required herein is shown on page 19.

ITEM 6. ***SELECTED FINANCIAL DATA***

The information required herein is shown on pages 17 through 19.

ITEM 7. ***MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION***

The information required herein is shown on pages 20 through 43.

ITEM 7A. ***QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK***

The information required herein is shown on page 39-40.

ITEM 8. ***FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA***

The information required herein is shown on pages 44 through 96.

ITEM 9. ***CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE***

None.

ITEM 9A. ***CONTROLS AND PROCEDURES***

The Company's principal executive officer and principal financial officer have evaluated the Company's disclosure controls and procedures as of December 31, 2020. Based on this evaluation, the principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures are effective. The Company's disclosure controls and procedures also effectively ensure that information required to be disclosed in the Company's filings and submissions with the Securities and Exchange Commission under the Securities Exchange Act of 1934 is accumulated and reported to Company management (including the principal executive officer and principal financial officer) and is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission. In addition, the Company has reviewed its internal control over financial reporting and there have been no changes that occurred during the fourth fiscal quarter that have materially affected or are reasonably likely to materially affect its internal control over financial reporting or in other factors that could significantly affect its internal control over financial reporting.

On May 14, 2013, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) released an updated version of its Internal Control — Integrated Framework (2013) (2013 Framework). The 2013 Framework's internal control components (i.e., control environment, risk assessment, control activities, information, and communication, and monitoring activities) remain predominantly the same as those in the 1992 Framework. However, the 2013 Framework was expanded to include 17 principles which must be present and functioning in order to have an effective system of internal controls. The Company implemented the 2013 Framework effective December 31, 2014.

Management's report on internal control over financial reporting is shown on page 102. The audit report of the registered public accounting firm is shown on page 100.

ITEM 9B. ***OTHER INFORMATION***

None.

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FINANCIAL STATEMENTS

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Financial Highlights

	2020	2019	2018	2017	2016
(dollars in thousands, except share data)					
FOR THE YEAR					
Interest income	**$ 149,036**	$ 159,139	$ 137,056	$ 113,436	$ 96,699
Interest expense	**42,207**	63,350	44,480	27,820	22,617
Net interest income	**106,829**	95,789	92,576	85,616	74,082
Provision for loan losses	**5,825**	1,250	1,350	1,790	1,375
Net interest income after provision for loan losses	**101,004**	94,539	91,226	83,826	72,707
Other operating income	**19,100**	18,399	16,248	16,552	16,222
Operating expenses	**73,488**	72,129	69,693	67,119	64,757
Income before income taxes	**46,616**	40,809	37,781	33,259	24,172
Provision for income taxes	**4,407**	1,110	1,568	10,958	(362)
Net income	**$ 42,209**	$ 39,699	$ 36,213	$ 22,301	$ 24,534
Core earnings—Non-GAAP [1]	**$ 42,209**	$ 39,699	$ 36,213	$ 30,749	$ 24,534
Average shares outstanding Class A, basic	**3,653,939**	3,633,044	3,608,179	3,604,029	3,600,729
Average shares outstanding Class B, basic	**1,913,970**	1,934,865	1,959,730	1,963,880	1,967,180
Average shares outstanding Class A, diluted	**5,567,909**	5,567,909	5,567,909	5,567,909	5,567,909
Average shares outstanding Class B, diluted	**1,913,970**	1,934,865	1,959,730	1,963,880	1,967,180
Total shares outstanding at year-end	**5,567,909**	5,567,909	5,567,909	5,567,909	5,567,909
Earnings per share:					
Basic, Class A	**$ 9.15**	$ 8.63	$ 7.89	$ 4.86	$ 5.35
Basic, Class B	**$ 4.58**	$ 4.31	$ 3.95	$ 2.43	$ 2.68
Diluted, Class A	**$ 7.58**	$ 7.13	$ 6.50	$ 4.01	$ 4.41
Diluted, Class B	**$ 4.58**	$ 4.31	$ 3.95	$ 2.43	$ 2.68
Dividend payout ratio—Non-GAAP [1]	**5.9%**	5.6%	6.1%	9.9%	9.0%
AT YEAR-END					
Assets	**$6,358,834**	$5,492,424	$5,163,935	$4,785,572	$4,462,608
Loans	**2,995,829**	2,426,119	2,285,578	2,175,944	1,923,933
Deposits	**5,452,221**	4,400,111	4,406,964	3,916,967	3,653,218
Stockholders’ equity	**370,409**	332,581	300,439	260,297	240,041
Book value per share	**$ 66.53**	$ 59.73	$ 53.96	$ 46.75	$ 43.11
SELECTED FINANCIAL PERCENTAGES					
Return on average assets	**0.70%**	0.76%	0.74%	0.48%	0.57%
Return on average stockholders’ equity	**11.96%**	12.44%	13.05%	8.75%	10.80%
Net interest margin, taxable equivalent	**2.00%**	2.10%	2.18%	2.25%	2.12%
Net (recoveries) charge-offs as a percent of average loans	**0.00%**	0.01%	(0.04)%	0.00%	0.00%
Average stockholders’ equity to average assets	**5.89%**	6.12%	5.71%	5.50%	5.29%
Efficiency ratio—Non-GAAP [1]	**55.2%**	58.4%	59.2%	57.8%	62.7%

(1) Non-GAAP Financial Measures are reconciled in the following tables:

Financial Highlights

	2020	2019	2018	2017	2016
Calculation of Efficiency Ratio:					
Total Operating Expenses	**$ 73,488**	$ 72,129	$ 69,693	$ 67,119	$ 64,757
Less: Other Real Estate Owned Expenses	**—**	(134)	(59)	—	—
Total Adjusted Operating Expenses (numerator)	**$ 73,488**	$ 71,995	$ 69,634	$ 67,119	$ 64,757
Net Interest Income	**106,829**	95,789	92,576	85,616	74,082
Total Other Operating Income	**19,100**	18,399	16,248	16,552	16,222
Tax Equivalent Adjustment	**7,280**	9,068	8,854	13,979	12,917
Total Income (denominator)	**$133,209**	$123,256	$117,678	$116,147	$103,221
Efficiency Ratio, Year—Non-GAAP	**55.2%**	58.4%	59.2%	57.8%	62.7%

	2020	2019	2018	2017	2016
Calculation of Dividend Payout Ratio:					
Dividends Paid (numerator)	**$ 2,490**	$ 2,207	$ 2,203	$ 2,200	$ 2,201
Net Income (denominator)	**$42,209**	$39,699	$36,213	$22,301	$24,534
Dividend Payout Ratio—Non-GAAP	**5.9%**	5.6%	6.1%	9.9%	9.0%

	2020	2019	2018	2017	2016
Calculation of Core Earnings:					
Net Income	**$ 42,209**	$ 39,699	$ 36,213	$ 22,301	$ 24,534
Add: Deferred Tax Remeasurement Charge	**—**	—	—	8,448	—
Core earnings—Non-GAAP	**$ 42,209**	$ 39,699	$ 36,213	$ 30,749	$ 24,534

The stock performance graph below compares the cumulative total shareholder return of the Company's Class A Common Stock from December 31, 2015 to December 31, 2020 with the cumulative total return of the NASDAQ Market Index (U.S. Companies) and the NASDAQ Bank Stock Index. The lines in the graph represent monthly index levels derived from compounded daily returns that include all dividends. If the monthly interval, based on the fiscal year-end, was not a trading day, the preceding trading day was used.

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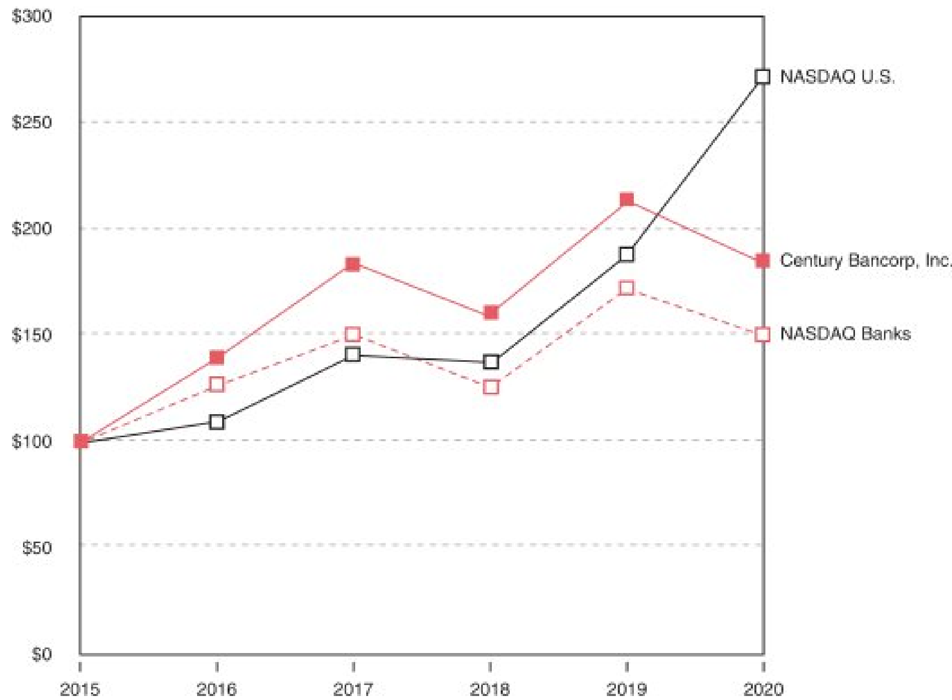
Financial Highlights

Comparison of Five-Year
Cumulative Total Return*



Value of $100 Invested on December 31, 2015 at:	2016	2017	2018	2019	2020
Century Bancorp, Inc.	$ 139.52	$ 183.22	$ 159.62	$ 213.23	**$ 184.77**
NASDAQ Banks	126.54	149.82	125.25	171.82	**149.83**
NASDAQ U.S.	108.87	141.13	137.12	187.44	**271.64**

* Assumes that the value of the investment in the Company's Common Stock and each index was $100 on December 31, 2015 and that all dividends were reinvested.

Management’s Discussion and Analysis of Results of Operations and Financial Condition

FORWARD-LOOKING STATEMENTS

Except for the historical information contained herein, this Annual Report 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 of the indeterminant length and extent of the economic contraction resulting from the COVID-19 pandemic, (ii) the fact that the Company’s business, financial condition and results of operation have been or may be negatively impacted by the extent and duration of the COVID-19 pandemic, (iii) the fact that consumer behavior may change due to changing political, business and economic conditions, including increased unemployment, or legislative or regulatory initiatives, (iv) the fact that the Company’s success is dependent to a significant extent upon general economic conditions in New England, (v) 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, (vi) the fact that the Bank’s participation in the Paycheck Protection Program involves reputational risks, (vii) 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, (viii) the fact that our operations are subject to risks including, but not limited to, cybersecurity incidents, fraud, natural disasters and future pandemics, (ix) the fact that future credit losses may be higher than currently expected due to changes in economic assumptions and adverse economic developments, and (x) 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. You should not place undue reliance on our forward-looking statements. You should exercise caution in interpreting and relying on forward-looking statements because they are subject to significant risks, uncertainties and other factors which are, in some cases, beyond the Company’s control. The forward-looking statements contained herein represent the Company’s judgment as of the date of this Annual Report, and the Company cautions readers not to place undue reliance on such statements.

Coronavirus Aid, Relief and Economic Security (CARES) Act, Families First Coronavirus Response Act (FFCRA), and Coronavirus Response and Relief Supplemental Appropriations Act of 2021

On March 18, 2020 the Families First Coronavirus Response Act (FFCRA) was signed into law and on March 27, 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law. The FFCRA and the CARES Act provide relief for families and businesses impacted by the coronavirus pandemic. The provisions in this legislation include, among other things, loan programs for businesses, expanded unemployment insurance benefits, stimulus payments to certain taxpayers, new provisions on sick leave and family leave, and funding for a variety of health-related efforts and government programs. Also, as a result of the CARES Act, the full balance of the AMT credit was refunded in 2020.

Management's Discussion and Analysis of Results of Operations and Financial Condition

In response to the pandemic, on March 27, 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law. The CARES Act, among other things, provides cash payments to certain individuals and has various programs for businesses. In particular, it includes the Payroll Protection Program (PPP) which provides forgivable loans to qualified small businesses, primarily to allow these businesses to continue to pay their employees. The original amount allocated to the program was $349 billion, which was exhausted on April 16, 2020. On April 24, 2020, an additional allocation of $310 billion was signed into law. These loans are funded by participating banks and are 100% guaranteed by the U.S. Small Business Administration (SBA). If utilized primarily for payroll, subject to certain other conditions, the loans may be forgiven, in whole or in part, and repaid by the SBA. During 2020, the Company participated in the PPP. PPP originations totaled approximately 1,300 loans for approximately $232 million. As of December 31, 2020, Century Bank's PPP loans totaled approximately 1,157 loans for approximately $196 million. The fees collected, from the SBA, amount to approximately $8.0 million. Cost deferrals amounted to approximately $1.2 million. The fees and costs are being amortized over the lives of the loans utilizing the level-yield method.

Under Section 4013 of the CARES Act, loans less than 30 days past due as of December 31, 2019 will be considered current for COVID-19 modifications. The Company can then suspend the requirements under GAAP for loan modifications related to COVID-19 that would otherwise be categorized as a TDR, and suspend any determination of a loan modified as a result of COVID-19 as being a TDR, including the requirement to determine impairment for accounting purposes.

As of December 31, 2020, and as a result of COVID-19 loan modifications, the Company has modifications of 20 loans aggregating approximately $25 million, primarily consisting of short-term payment deferrals. Of these modifications, $25 million, or 100%, were performing in accordance with their modified terms.

The CARES Act also allows companies to delay Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, Measurement of Credit Losses on Financial Instruments (CECL), including the current expected credit losses methodology for estimating allowances for credit losses. The Company elected to delay FASB ASU 2016-13. This ASU was delayed until the earlier of the date on which the national emergency concerning the COVID-19 outbreak declared by the President on March 15, 2020 terminates or December 31, 2020, with an effective retrospective implementation date of January 1, 2020. On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 was signed into law. The law changed the delayed implementation date to the earlier of the Company's fiscal year that begins after the date on which the national emergency terminates or January 1, 2022.

OVERVIEW

Century Bancorp, Inc. (together with its bank subsidiary, unless the context otherwise requires, the "Company") is a Massachusetts state-chartered bank holding company headquartered in Medford, Massachusetts. The Company is a Massachusetts corporation formed in 1972 and has one banking subsidiary: Century Bank and Trust Company (the "Bank") formed in 1969. At December 31, 2020, the Company had total assets of $6.4 billion. Currently, the Company operates 27 banking offices in 20 cities and towns in Massachusetts, ranging from Braintree in the south to Andover in the north. The Bank's customers consist primarily of small and medium-sized businesses and retail customers in these communities and surrounding areas, as well as local governments and large healthcare and higher education institutions throughout Massachusetts, New Hampshire, Rhode Island, Connecticut, New York, Virginia, Washington DC, and Pennsylvania.

The Company's results of operations are largely dependent on net interest income, which is the difference between the interest earned on loans and securities and interest paid on deposits and borrowings. The results of operations are also affected by the level of income and fees from loans and deposits, as well as operating expenses, the provision for loan losses, the impact of federal and state income taxes and the relative levels of interest rates and economic activity.

Management's Discussion and Analysis of Results of Operations and Financial Condition

The Company offers a wide range of services to commercial enterprises, state and local governments and agencies, non-profit organizations, and individuals. It emphasizes service to small and medium sized businesses and retail customers in its market area. In recent years, the Company has increased business to larger institutions, specifically, healthcare, and higher education. The Company makes commercial loans, real estate and construction loans and consumer loans, and accepts savings, time, and demand deposits. In addition, the Company offers its corporate and institutional customers automated lock box collection services, cash management services and account reconciliation services, and actively promotes the marketing of these services to the municipal market. Also, the Company provides full service securities brokerage services through a program called Investment Services at Century Bank, which is supported by LPL Financial, a third party full-service securities brokerage business.

The Company has municipal cash management client engagements in Massachusetts, New Hampshire and Rhode Island comprised of approximately 302 government entities.

The Company had net income of $42,209,000 for the year ended December 31, 2020, compared with net income of $39,699,000 for the year ended December 31, 2019, and net income of $36,213,000 for the year ended December 31, 2018. Class A diluted earnings per share were $7.58 in 2020 compared to $7.13 in 2019 and compared to $6.50 in 2018.

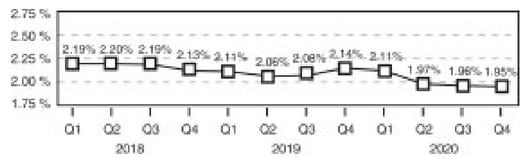
During 2020, 2019 and 2018, the Company's earnings were positively impacted primarily by an increase in net interest income. The increase in net interest income for 2020 is primarily due to a decrease in interest expense as a result of falling interest rates. The increases for 2019 was primarily due to an increase in earning assets.

Earnings per share (EPS) for each class of stock and for each year ended December 31, is as follows:

	2020	2019	2018
Basic EPS—Class A common	**$9.15**	$8.63	$7.89
Basic EPS—Class B common	**$4.58**	$4.31	$3.95
Diluted EPS—Class A common	**$7.58**	$7.13	$6.50
Diluted EPS—Class B common	**$4.58**	$4.31	$3.95

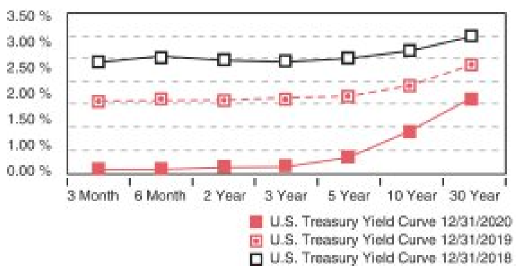
The trends in the net interest margin are illustrated in the graph below:

Net Interest Margin



The net interest margin remained relatively stable for the first three quarters of 2018. During the fourth quarter of 2018 and first and second quarters of 2019, the Company increased its average interest-bearing deposits and average earning assets. This increased net interest income but decreased the net interest margin. During the third quarter of 2019, the net interest margin increased mainly as a result of deposit rate decreases. These deposits increased net interest income and the net interest margin. During the fourth quarter of 2019, the net interest margin increased mainly as a result of prepayment penalties collected. Prepayment penalties collected amounted to $1.4 million and contributed approximately eleven basis points to the net interest margin for the fourth quarter of 2019. The net interest margin decreased during the first quarter of 2020 mainly as a result of decreases in rates on earning assets. This was partially offset by prepayment penalties collected of $874,000 and contributed approximately seven basis points to the net interest margin. The net interest margin decreased during the second, third, and fourth quarters of 2020 primarily the result of increased margin pressure due to the recent decrease in interest rates across the yield curve. This was partially offset by prepayment penalties collected of $453,000 and contributed approximately three basis points to the net interest margin during the fourth quarter of 2020. While management will continue its efforts to improve the net interest margin, there can be no assurance that certain factors beyond its control, such as the prepayment of loans and changes in market interest rates, will continue to positively impact the net interest margin.

Historical U.S. Treasury Yield Curve



A yield curve typically plots the interest rates of U.S. Treasury Debt, which have different maturity dates but the same credit quality, at a specific point in time. The three main types of yield curve shapes are normal, inverted, and flat. Over the past three years, the U.S. economy has experienced low short-term rates. During 2018, short-term rates increased more than longer-term rates resulting in a flattening of the yield curve. During 2019, short-term rates decreased more than longer-term rates resulting in a steepening of the yield curve. During 2020, rates across the yield curve decreased to historically low levels. Also, short-term rates decreased more than longer-term rates resulting in a steepening of the yield curve.

Total assets were $6,358,834,000 at December 31, 2020, an increase of 15.8% from total assets of $5,492,424,000 at December 31, 2019.

On December 31, 2020, stockholders' equity totaled $370,409,000, compared with $332,581,000 on December 31, 2019. Book value per share increased to $66.53 at December 31, 2020, from $59.73 at December 31, 2019.

During the third quarter of 2019, the Company purchased the existing Brookline, Massachusetts branch location that the Company was leasing. Also, during the third quarter of 2019, the Company purchased a future branch location in Salem, New Hampshire. The Company plans to open this branch during the first quarter of 2021. During the second quarter of 2020, the Company executed a lease for a future branch location in Needham, Massachusetts. The Company plans to open this branch during the third quarter of 2021.

Impact of COVID-19

During 2020, the COVID-19 pandemic caused economic turmoil for individuals and businesses throughout the country and, in particular, our market area. Many businesses were required to fully or partially shut down. Many businesses laid off and/or furloughed employees as a result. Unemployment has increased significantly, and GDP declined significantly. This may cause loan defaults in the future as customers are unable to make their contractual loan payments. The Company has increased its provision for loan losses in response to this increased risk. Future provision levels will be dependent upon the length of the economic disruption and the effectiveness of government programs to mitigate the economic impact of the shutdowns. The Company's revenue has been and may continue to be negatively impacted as transaction fees have declined due to decreased volume.

The Company is considered an essential business based on criteria set by the Governor of the Commonwealth of Massachusetts. Despite being permitted to continue its operations throughout the pandemic due to its status as an essential business, the operations of the Company nevertheless have been affected as a result of remote work arrangements and the unavailability of employees from time to time. The Company may continue to be affected by a work stoppage, forced quarantine, or other interruption or the unavailability of key employees. While the effects of COVID-19 are likely to have a far-reaching, long-lasting effect on the global, national, and Massachusetts economies, we believe we have sufficient capital and financial strength, as well as liquidity resources to mitigate the effects of the COVID-19 pandemic on our operations and financial condition, while continuing to serve our communities and protect shareholder value.

CRITICAL ACCOUNTING POLICIES

Accounting policies involving significant judgments and assumptions by management, which have, or could have, a material impact on the carrying value of certain assets and impact income, are considered critical accounting policies.

The Company considers allowance for loan losses to be its critical accounting policy.

Allowance for Loan Losses

Arriving at an appropriate level of allowance for loan losses necessarily involves a high degree of judgment. Management maintains an allowance for loan losses to absorb losses inherent in the loan portfolio. The allowance is based on assessments of the probable estimated losses inherent in the loan portfolio. Management's methodology for assessing the appropriateness of the allowance consists of several key elements, which include the specific allowances, if appropriate, for identified problem loans, formula allowance, and possibly an unallocated allowance.

Specific allowances for loan losses entail the assignment of allowance amounts to individual loans on the basis of loan impairment. Under this method, loans are selected for evaluation based upon a change in internal risk rating, occurrence of delinquency, loan classification or nonaccrual status. The formula allowances are based on evaluations of homogenous loans to determine the allocation appropriate within each portfolio segment. Formula allowances are based on internal risk ratings or credit ratings from external sources. After considering the above components, an unallocated component may be generated to cover uncertainties that could affect management's estimate of probable losses. Further information regarding the Company's methodology for assessing the appropriateness of the allowance is contained within Note 1 of the "Notes to Consolidated Financial Statements".

During 2018, the Company further enhanced its methodology to the allowance for loan losses by including additional metrics for qualitative factors on certain loan portfolios. Further enhancements and refinements include adding qualitative factors to certain loan portfolios to enhance granularity. The Company also updated and added data sources to measure present and forecasted economic conditions. Management believes that the allowance for loan losses is adequate. In addition, various regulatory agencies, as part of the examination process, periodically review the Company's allowance for loan losses. Such agencies may require the Company to recognize additions to the allowance based on their judgments about information available to them at the time of their examination.

FINANCIAL CONDITION

Investment Securities

The Company's securities portfolio consists of securities available-for-sale ("AFS"), securities held-to-maturity ("HTM"), and equity securities.

Securities available-for-sale consist of certain U.S. Treasury, U.S. Government Sponsored Enterprises, SBA Backed Securities, and U.S. Government Sponsored Enterprise mortgage-backed securities; state, county, and municipal securities; privately issued mortgage-backed securities; and other debt securities.

These securities are carried at fair value, and unrealized gains and losses, net of applicable income taxes, are recognized as a separate component of stockholders' equity. The fair value of securities available-for-sale at December 31, 2020 totaled $282,448,000 and included gross unrealized gains of $845,000 and gross unrealized losses of $670,000. A year earlier, the fair value of securities available-for-sale was $260,502,000 including gross unrealized gains of $274,000 and gross unrealized losses of $696,000. In 2020 the Company did not recognize any gains on the sale of available-for-sale securities. In 2019 and 2018, the Company recognized gains of $13,000 and $302,000, respectively.

Securities classified as held-to-maturity consist of U.S. Government Sponsored Enterprises, SBA

Backed Securities, and U.S. Government Sponsored Enterprise mortgage-backed securities. Securities held-to-maturity as of December 31, 2020 are carried at their amortized cost of $2,509,088,000. A year earlier, securities held-to-maturity totaled $2,351,120,000. In 2020, 2019, and 2018, the Company recognized gains of $0 and $48,000, and $0 respectively, on the sale of held-to-maturity securities. The sale from securities held-to-maturity relate to certain mortgage-backed securities for which the Company had previously collected a substantial portion of its principal investment.

Equity securities are reported at fair value with unrealized gains and losses included in earnings. The fair value of equity securities at December 31, 2020 and December 31, 2019, amounted to $1,668,000 and $1,688,000, respectively.

The following table sets forth the fair value and percentage distribution of securities available-for-sale at the dates indicated.

Fair Value of Securities Available-for-Sale

At December 31,	**2020**		2019		2018	
(dollars in thousands)	**Amount**	**Percent**	Amount	Percent	Amount	Percent
U.S. Treasury	**$ —**	**0.0%**	$ —	0.0%	$ 1,992	0.6%
U.S. Government Sponsored Enterprises	**—**	**0.0%**	—	0.0%	3,915	1.2%
SBA Backed Securities	**44,039**	**15.6%**	54,211	20.8%	70,194	20.9%
U.S. Government Agency and Sponsored Enterprises Mortgage-Backed Securities	**177,741**	**62.9%**	184,187	70.7%	162,890	48.4%
Privately Issued Residential Mortgage-Backed Securities	**328**	**0.1%**	396	0.1%	672	0.2%
Obligations Issued by States and Political Subdivisions	**52,276**	**18.5%**	18,076	7.0%	93,503	27.7%
Other Debt Securities	**8,064**	**2.9%**	3,632	1.4%	3,593	1.0%
Total	**$282,448**	**100.0%**	$260,502	100.0%	$336,759	100.0%

The majority of the Company’s securities AFS are classified as Level 2, as defined in Note 1 of the “Notes to Consolidated Financial Statements.” The fair values of these securities are obtained from a pricing service, which provides the Company with a description of the inputs generally utilized for each type of security. These inputs include benchmark yields, reported trades, broker/ dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data. Management’s understanding of a pricing service’s pricing methodologies includes obtaining an understanding of the valuation risks, assessing its qualification, verification of sources of information and processes used to develop prices and identifying, documenting, and testing controls. Management’s validation of a vendor’s pricing methodology includes establishing internal controls to determine that the pricing information received by pricing services and used by management in the valuation process is relevant and reliable. Market indicators and industry and economic events are also monitored. The decline in fair value from amortized cost for individual available-for-sale securities that are temporarily impaired is not attributable to changes in credit quality. Because the Company does not intend to sell any of its debt securities and it is not more likely than not that it will be required to sell the debt securities before the anticipated recovery of their remaining amortized cost, the Company does not consider these investments to be other-than-temporarily impaired at December 31, 2020.

Securities available-for-sale totaling $52,276,000, or 0.8% of assets, are classified as Level 3, as defined in Note 1 of the “Notes to Consolidated Financial Statements.” These securities are generally municipal securities with no readily determinable fair value. The Company also utilizes internal pricing analysis on various municipal securities using market rates on comparable securities. The securities are carried at fair value with periodic review of underlying financial statements and credit ratings to assess the appropriateness of these valuations.

Debt securities of Government Sponsored Enterprises refer primarily to debt securities of Fannie Mae and Freddie Mac.

The following table sets forth the amortized cost and percentage distribution of securities held-to-maturity at the dates indicated.

Amortized Cost of Securities Held-to-Maturity

At December 31,	**2020**		2019		2018	
(dollars in thousands)	**Amount**	**Percent**	Amount	Percent	Amount	Percent
U.S. Treasury	**$ —**	**0.0%**	$ —	0.0%	$ 9,960	0.5%
U.S. Government Sponsored Enterprises	**244,220**	**9.7%**	98,867	4.2%	234,228	11.5%
SBA Backed Securities	**37,783**	**1.5%**	44,379	1.9%	52,051	2.5%
U.S. Government Sponsored Enterprise Mortgage-Backed Securities	**2,227,085**	**88.8%**	2,207,874	93.9%	1,750,408	85.5%
Total	**$2,509,088**	**100.0%**	$2,351,120	100.0%	$2,046,647	100.0%

The following two tables set forth contractual maturities of the Bank’s securities portfolio at December 31, 2020. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

Fair Value of Securities Available-for-Sale
Amounts Maturing

(dollars in thousands)	Within One Year	% of Total	Weighted Average Yield	One Year to Five Years	% of Total	Weighted Average Yield	Five Years to Ten Years	% of Total	Weighted Average Yield	Over Ten Years	% of Total	Weighted Average Yield	Total	% of Total	Weighted Average Yield
SBA Backed Securities	$ —	0.0%	0.00%	$ 14,056	5.0%	0.65%	$ 13,148	4.6%	0.75%	$16,835	6.0%	0.65%	$ 44,039	15.6%	0.68%
U.S. Government Agency and Sponsored Enterprise Mortgage-Backed Securities	1,758	0.6%	0.46%	97,877	34.7%	0.60%	78,106	27.6%	0.55%	—	0.0%	0.00%	177,741	62.9%	0.58%
Privately Issued Residential Mortgage-Backed Securities	328	0.1%	1.44%	—	0.0%	0.00%	—	0.0%	0.00%	—	0.0%	0.00%	328	0.1%	1.44%
Obligations of States and Political Subdivisions	49,113	17.4%	0.90%	3,003	1.0%	1.30%	160	0.1%	3.00%	—	0.0%	0.00%	52,276	18.5%	0.93%
Other Debt Securities”	1,298	0.5%	1.05%	300	0.1%	1.01%	6,466	2.3%	4.85%	—	0.0%	0.00%	8,064	2.9%	4.09%
Total	$52,497	18.6%	0.89%	$115,236	40.8%	0.63%	$ 97,880	34.6%	0.87%	$16,835	6.0%	0.65%	$282,448	100.0%	0.76%

Management's Discussion and Analysis of Results of Operations and Financial Condition

Amortized Cost of Securities Held-to-Maturity
Amounts Maturing

(dollars in thousands)	Within One Year	% of Total	Weighted Average Yield	One Year to Five Years	% of Total	Weighted Average Yield	Five Years to Ten Years	% of Total	Weighted Average Yield	Over Ten Years	% of Total	Weighted Average Yield	Total	% of Total	Weighted Average Yield
U.S. Government Sponsored Enterprises	$10,000	0.4%	1.88%	$ 30,500	1.2%	1.72%	$203,720	8.1%	0.87%	$ —	0.0%	0.00%	$ 244,220	9.7%	1.01%
SBA Backed Securities	—	0.0%	0.00%	5,325	0.2%	1.83%	32,458	1.3%	2.41%	—	0.0%	0.00%	37,783	1.5%	2.32%
U.S. Government Sponsored Enterprise Mortgage- Backed Securities	69,572	2.8%	1.91%	1,834,764	73.1%	2.15%	319,754	12.8%	1.84%	2,995	0.1%	3.03%	2,227,085	88.8%	2.10%
Total	$79,572	3.2%	1.91%	$1,870,589	74.5%	2.14%	$555,932	22.2%	1.52%	$2,995	0.1%	3.03%	$2,509,088	100.0%	2.00%

At December 31, 2020 and 2019, the Bank had no investments in obligations of individual states, counties, municipalities or nongovernment corporate entities which exceeded 10% of stockholders' equity. In 2020 there were no sales of securities. In 2019, sales of securities totaling $17,478,000 in gross proceeds resulted in a net realized gain of $61,000. There were no sales of state, county, or municipal securities during 2020, 2019 and 2018.

Management reviews the investment portfolio for other-than-temporary impairment of individual securities on a regular basis. The results of such analysis are dependent upon general market conditions and specific conditions related to the issuers of our securities.

Loans

The Company's lending activities are conducted principally in Massachusetts, New Hampshire, Rhode Island, Connecticut, New York, Virginia, Washington DC, and Pennsylvania. The Company grants single-family and multi-family residential loans, commercial and commercial real estate loans, municipal loans, and a variety of consumer loans. To a lesser extent, the Company grants loans for the construction of residential homes, multi-family properties, commercial real estate properties and land development. Most loans granted by the Company are secured by real estate collateral. The ability and willingness of commercial real estate, commercial, construction, residential and consumer loan borrowers to honor their repayment commitments are generally dependent on the health of the real estate market in the borrowers' geographic areas and of the general economy. During 2020 the Company participated in the SBA's PPP program. PPP originations totaled approximately $232,000,000.

Management's Discussion and Analysis of Results of Operations and Financial Condition

The following summary shows the composition of the loan portfolio at the dates indicated.

December 31,	2020		2019		2018		2017		2016	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
(dollars in thousands)										
Construction and land development	**$ 10,909**	**0.4%**	$ 8,992	0.4%	$ 13,628	0.6%	$ 18,931	0.9%	$ 14,928	0.8%
Commercial and industrial	**1,314,245**	**43.8%**	812,417	33.5%	761,625	33.3%	763,807	35.1%	612,503	31.8%
Municipal	**137,607**	**4.6%**	120,455	5.0%	97,290	4.3%	106,599	4.9%	135,418	7.0%
Commercial real estate	**789,836**	**26.3%**	786,102	32.4%	750,362	32.8%	732,491	33.7%	696,173	36.2%
Residential real estate	**448,436**	**15.0%**	371,897	15.3%	348,250	15.2%	287,731	13.2%	241,357	12.5%
Consumer	**20,007**	**0.7%**	21,071	0.9%	21,359	0.9%	18,458	0.8%	11,013	0.6%
Home equity	**274,357**	**9.2%**	304,363	12.5%	292,340	12.9%	247,345	11.4%	211,857	11.0%
Overdrafts	**432**	**0.0%**	822	0.0%	724	0.0%	582	0.0%	684	0.1%
Total	**$2,995,829**	**100.0%**	$2,426,119	100.0%	$2,285,578	100.0%	$2,175,944	100.0%	$1,923,933	100.0%

At December 31, 2020, 2019, 2018, 2017 and 2016, loans were carried net of (premiums) discounts of $(74,000), $(292,000), $(364,000), $46,000 and $313,000, respectively. Net deferred loan fees of $4,444,000, $220,000, $496,000, $588,000 and $641,000 were carried in 2020, 2019, 2018, 2017 and 2016, respectively.

The following table summarizes the remaining maturity distribution of certain components of the Company's loan portfolio on December 31, 2020. The table excludes loans secured by 1–4 family residential real estate, loans for household and family personal expenditures, and municipal loans. Maturities are presented as if scheduled principal amortization payments are due on the last contractual payment date.

December 31, 2020 (dollars in thousands)	One Year or Less	One to Five Years	Over Five Years	Total
Construction and land development	**$ 2,747**	**$ —**	**$ 8,162**	**$ 10,909**
Commercial and industrial	**78,000**	**282,410**	**953,835**	**1,314,245**
Commercial real estate	**37,592**	**100,400**	**651,844**	**789,836**
Total	**$ 118,339**	**$ 382,810**	**$ 1,613,841**	**$2,114,990**

The following table indicates the rate variability of the above loans due after one year.

December 31, 2020 (dollars in thousands)	One to Five Years	Over Five Years	Total
Predetermined interest rates	**$ 276,122**	**$ 543,134**	**$ 819,256**
Floating or adjustable interest rates	**106,688**	**1,070,707**	**1,177,395**
Total	**$ 382,810**	**$ 1,613,841**	**$1,996,651**

The Company's commercial and industrial ("C&I") loan customers include large healthcare and higher education institutions. During 2017, the Company increased its lending activities to these types of organizations. This increase may expose the Company to concentration risks inherent in financings based upon analysis of credit risk, the value of underlying collateral, and other more intangible factors, which are considered in originating commercial loans. The percentage of these types of organizations to total C&I loans has declined to 72% at December 31, 2020, compared to 87% at December 31, 2019. During 2020 the Company participated in the SBA's PPP program. PPP balances totaled $196,000,000 at December 31, 2020 and are included in C&I loans.

Management's Discussion and Analysis of Results of Operations and Financial Condition

C&I loan customers also include various small and middle-market established businesses involved in manufacturing, distribution, retailing and services. Most clients are privately owned with markets that range from local to national in scope. Many of the loans to this segment are secured by liens on corporate assets and the personal guarantees of the principals. The regional economic strength or weakness impacts the relative risks in this loan category. There is little concentration in any one business sector, and loan risks are generally diversified among many borrowers.

Commercial real estate loans are extended to educational institutions, hospitals and other non-profit organizations. Loans are normally extended in amounts up to a maximum of 80% of appraised value and normally for terms between three and thirty years. Also included in commercial real estate loans are loans extended to finance various manufacturing, warehouse, light industrial, office, retail and residential properties in the Bank's market area, which generally includes Massachusetts, New Hampshire, and Rhode Island.

Amortization schedules are long term and thus a balloon payment is generally due at maturity. Under most circumstances, the Bank will offer to rewrite or otherwise extend the loan at prevailing interest rates. During recent years, the Bank has emphasized nonresidential-type owner-occupied properties. This complements our C&I emphasis placed on the operating business entities and will continue. The regional economic environment affects the risk of both nonresidential and residential mortgages.

Municipal loans customers include loans to municipalities or related interests, primarily for infrastructure projects. The Company had increased its lending activities to municipalities through 2016. Municipal loans decreased during 2017 and 2018 as a result of loan payoffs. Municipal loans increased during 2019 and 2020 as a result of increased loan originations.

Residential real estate loans (1–4 family) includes two categories of loans. Included in residential real estate are approximately $53,302,000 of C&I type loans secured by 1–4 family real estate. Primarily, these are small businesses with modest capital or shorter operating histories where the collateral mitigates some risk. This category of loans shares similar risk characteristics with the C&I loans, notwithstanding the nature of the collateral.

The other category of residential real estate loans is mostly 1–4 family residential properties located in the Bank's market area. Underwriting criteria are generally the same as those used by Fannie Mae. The Bank utilizes mortgage insurance to provide lower down payment products and has provided a "First Time Homebuyer" product to encourage new home ownership. Residential real estate loan volume has increased and remains a core consumer product. The economic environment impacts the risks associated with this category.

Home equity loans are extended as both first and second mortgages on owner-occupied residential properties in the Bank's market area and are underwritten to a maximum loan to property value of 75%.

Bank officers evaluate the feasibility of construction projects based on independent appraisals of the project, architects' or engineers' evaluations of the cost of construction and other relevant data. As of December 31, 2020, the Company was obligated to advance a total of $54,553,000 to complete projects under construction.

Loans are placed on nonaccrual status when any payment of principal and/or interest is 90 days or more past due, unless the collateral is sufficient to cover both principal and interest and the loan is in the process of collection. The Company monitors closely the performance of its loan portfolio. In addition to internal loan review, the Company has contracted with an independent organization to review the Company's commercial and commercial real estate loan portfolios. This independent review was performed in each of the past five years. The status of delinquent loans, as well as situations identified as potential problems, is reviewed on a regular basis by senior management and monthly by the Board of Directors of the Bank.

Management's Discussion and Analysis of Results of Operations and Financial Condition

Nonaccrual loans remained relatively stable from 2016 through 2020.

The composition of nonperforming assets is as follows:

December 31, (dollars in thousands)	2020	2019	2018	2017	2016
Total nonperforming loans	**$3,996**	$2,014	$1,313	$1,684	$1,084
Other real estate owned	**—**	—	2,225	—	—
Total nonperforming assets	**$3,996**	$2,014	$3,538	$1,684	$1,084
Accruing troubled debt restructured loans	**$2,202**	$2,361	$2,559	$2,749	$3,526
Loans past due 90 and still accruing	**90**	—	—	—	—
Nonperforming loans as a percent of gross loans	**0.13%**	0.08%	0.15%	0.08%	0.06%
Nonperforming assets as a percent of total assets	**0.06%**	0.04%	0.07%	0.04%	0.02%

The composition of impaired loans is as follows:

	2020	2019	2018	2017	2016
Residential real estate, multi-family	**$ —**	$ —	$ —	$4,212	$ 198
Home equity	**—**	—	—	—	—
Commercial real estate	**4,940**	2,346	2,650	2,554	3,149
Construction and land development	**—**	—	—	—	94
Commercial and industrial	**439**	906	401	348	389
Total impaired loans	**$5,379**	$3,252	$3,051	$7,114	$3,830

At December 31, 2020, 2019, 2018, 2017 and 2016 impaired loans had specific reserves of $589,000, $102,000, $145,000, $164,000 and $173,000, respectively.

The Company was servicing mortgage loans sold to others without recourse of approximately $125,998,000, $204,690,000, $209,160,000, $229,533,000 and $229,730,000 at December 31, 2020, 2019, 2018, 2017 and 2016, respectively. The Company had no loans held for sale at December 31, 2020, 2019, 2018, 2017 and 2016.

Servicing assets are recorded at fair value and recognized as separate assets when rights are acquired through sale of loans with servicing rights retained. Mortgage servicing assets ("MSA") are amortized into non-interest income in proportion to, and over the period of, the estimated net servicing income. Upon sale, the mortgage servicing asset is established, which represents the then-current estimated fair value based on market prices for comparable mortgage servicing contracts, when available, or alternatively, is based on a valuation model that calculates the present value of estimated future net servicing income. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income, such as the cost to service, the discount rate, an inflation rate, ancillary income, prepayment speeds and default rates and losses. Servicing rights are assessed for impairment based on fair value at each reporting date. MSAs are reported in other assets in the consolidated balance sheets. MSAs totaled $773,000 at December 31, 2020, $1,202,000 at December 31, 2019, $1,226,000 at December 31, 2018, $1,525,000 at December 31, 2017 and $1,629,000 at December 31, 2016.

Directors and officers of the Company and their associates are customers of, and have other transactions with, the Company in the normal course of business. All loans and commitments included in such transactions were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and do not involve more than normal risk of collection or present other unfavorable features.

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The Company continues to monitor closely $33,119,000 and $31,631,000 at December 31, 2020 and 2019, respectively, of loans for which management has concerns regarding the ability of the borrowers to perform. The majority of the loans are secured by real estate and are considered to have adequate collateral value to cover the loan balances at December 31, 2020, although such values may fluctuate with changes in the economy and the real estate market. The increase is primarily attributable to two loan relationships secured by real estate.

Allowance for Loan Losses

The Company maintains an allowance for loan losses in an amount determined by management on the basis of the character of the loans, loan performance, financial condition of borrowers, the value of collateral securing loans and other relevant factors. The following table summarizes the changes in the Company's allowance for loan losses for the years indicated.

Year Ended December 31, (dollars in thousands)	2020	2019	2018	2017	2016
Year-end loans outstanding					
(net of unearned discount and deferred loan fees)	**$2,995,829**	$2,426,119	$2,285,578	$2,175,944	$1,923,933
Average loans outstanding					
(net of unearned discount and deferred loan fees)	**$2,774,069**	$2,341,190	$2,222,946	$2,059,797	$1,838,136
Balance of allowance for loan losses at the beginning of year	**$ 29,585**	$ 28,543	$ 26,255	$ 24,406	$ 23,075
Loans charged-off:					
Commercial and industrial	**29**	137	67	49	—
Construction	—	—	—	—	—
Commercial real estate	—	—	—	—	—
Residential real estate	—	22	450	—	27
Consumer	**209**	295	316	341	362
Total loans charged-off	**238**	454	833	390	389
Recovery of loans previously charged-off:					
Commercial and industrial	**197**	60	57	110	132
Construction	—	—	1,436	—	—
Real estate	**5**	—	75	84	6
Consumer	**112**	186	203	255	296
Total recoveries of loans previously charged-off:	**314**	246	1,771	449	434
Net loan (recoveries) charge-offs	**(76)**	208	(938)	(59)	(45)
Provision charged to operating expense	**5,825**	1,250	1,350	1,790	1,375
Reclassification to other liabilities	—	—	—	—	(89)
Balance at end of year	**$ 35,486**	$ 29,585	$ 28,543	$ 26,255	$ 24,406
Ratio of net (recoveries) charge-offs during the year to average loans outstanding	**0.00%**	0.01%	(0.04)%	0.00%	0.00%
Ratio of allowance for loan losses to loans outstanding	**1.18%**	1.22%	1.25%	1.21%	1.27%

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The amount of the allowance for loan losses results from management's evaluation of the quality of the loan portfolio considering such factors as loan status, specific reserves on impaired loans, collateral values, financial condition of the borrower, the state of the economy and other relevant information. The level of the charge-offs depends on many factors, including the national and regional economy. Cyclical lagging factors may result in charge-offs being higher than historical levels. Charge-offs increased in 2018 primarily as a result of one residential real estate loan. During 2018, there was also a large recovery of a construction loan that was previously charged-off. The dollar amount of the allowance for loan losses increased primarily as a result of an increase in loan balances offset, somewhat, by lower historical loss factors.

The Company has continued to increase its exposure to larger loan originations to large institutions with strong credit quality in recent years. The Company has limited internal loss history experience with these types of loans and has determined a more appropriate representation of loss expectation is to utilize external historical loss factors based on public credit ratings, as there is a great deal of default and loss data available on these types of loans from the credit rating agencies. The Company incorporated this information into the development of the historical loss rates for these loan types. For 2017, the change in the ratio of the allowance for loan losses to loans outstanding, was primarily due to changes in portfolio composition, lower historical loss rates, and qualitative factor adjustments. For 2018, the ratio increased, primarily as a result of changes in qualitative factors related to general economic factors pertaining to certain industries. For 2019, the ratio decreased primarily as a result of improvements in historical loss factors. For 2020, the ratio decreased, primarily from approximately $196 million of qualifying Payroll Protection Program (PPP) loans that are guaranteed by the U.S. Small Business Administration (SBA), which require no allowance for loan losses.

In addition, the Company monitors the outlook for the industries in which these institutions operate. Healthcare and higher education are the primary industries. The Company also monitors the volatility of the losses within the historical data. By combining the credit rating, the industry outlook and the loss volatility, the Company arrives at the loss factor for each credit grade.

Credit ratings issued by national organizations were utilized as credit quality indicators, for certain of the Company's loans, as presented in the following table at December 31, 2020.

(in thousands)	Commercial and Industrial	Municipal	Commercial Real Estate	Total
Credit Rating:				
Aaa-Aa3	$ 710,955	$ 74,291	$ 38,035	$ 823,281
A1-A3	183,123	7,103	145,583	335,809
Baa1-Baa3	50,000	51,133	140,905	242,038
Ba2	—	5,080	—	5,080
Total	$ 944,078	$137,607	$ 324,523	$1,406,208

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Credit ratings issued by national organizations were utilized as credit quality indicators, for certain of the Company's loans, as presented in the following table at December 31, 2019.

(in thousands)	Commercial and Industrial	Municipal	Commercial Real Estate	Total
Credit Rating:				
Aaa-Aa3	$ 523,644	$ 53,273	$ 40,437	$ 617,354
A1-A3	186,044	7,354	148,346	341,744
Baa1-Baa3	—	51,133	144,711	195,844
Ba2	—	5,895	—	5,895
Total	$ 709,688	$117,655	$ 333,494	$1,160,837

The allowance for loan losses is an estimate of the amount needed for an adequate reserve to absorb losses in the existing loan portfolio. This amount is determined by an evaluation of the loan portfolio, including input from an independent organization engaged to review selected larger loans, a review of loan experience and current economic conditions. Although the allowance is allocated between categories, the entire allowance is available to absorb losses attributable to all loan categories. At December 31 of each year listed below, the allowance is comprised of the following:

	2020		2019		2018		2017		2016	
(dollars in thousands)	**Amount**	**Percent of Loans in Each Category to Total Loans**	Amount	Percent of Loans in Each Category to Total Loans	Amount	Percent of Loans in Each Category to Total Loans	Amount	Percent of Loans in Each Category to Total Loans	Amount	Percent of Loans in Each Category to Total Loans
Construction and land development	**$ 429**	**0.4%**	$ 331	0.4%	$ 1,092	0.6%	$ 1,645	0.9%	$ 1,012	0.8%
Commercial and industrial	**16,713**	**43.8%**	11,596	33.5%	10,998	33.3%	9,651	35.1%	6,972	31.8%
Municipal	**2,804**	**4.6%**	2,566	5.0%	1,838	4.3%	1,720	4.9%	1,612	7.1%
Commercial real estate	**11,751**	**26.3%**	11,464	32.4%	10,663	32.8%	9,728	33.7%	11,135	36.2%
Residential real estate	**2,111**	**15.0%**	2,194	15.3%	2,190	15.2%	1,873	13.2%	1,698	12.5%
Consumer and other	**241**	**0.7%**	312	0.9%	365	0.9%	373	0.8%	582	0.6%
Home equity	**1,208**	**9.2%**	1,065	12.5%	1,111	12.9%	989	11.4%	1,102	11.0%
Unallocated	**229**		57		286		276		293	
Total	**$35,486**	**100.0%**	$29,585	100.0%	$28,543	100.0%	$26,255	100.0%	$24,406	100.0%

Management believes that the allowance for loan losses is adequate. In addition, various regulatory agencies, as part of the examination process, periodically review the Company's allowance for loan losses. Such agencies may require the Company to recognize additions to the allowance based on their judgments about information available to them at the time of their examination. The enhancements described above have resulted in a lower level of unallocated allowance for loan losses. Further information regarding the allocation of the allowance is contained within Note 6 of the "Notes to Consolidated Financial Statements."

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Deposits

The Company offers savings accounts, NOW accounts, demand deposits, time deposits and money market accounts. Additionally, the Company offers cash management accounts which provide either automatic transfer of funds above a specified level from the customer's checking account to a money market account or short-term borrowings. Also, an account reconciliation service is offered whereby the Company provides a report balancing the customer's checking account.

Interest rates on deposits are set twice per month by the Bank's rate-setting committee, based on factors including loan demand, maturities and a review of competing interest rates offered. Interest rate policies are reviewed periodically by the Executive Management Committee.

The following table sets forth the average balances of the Bank's deposits for the periods indicated.

	2020		2019		2018	
(dollars in thousands)	**Amount**	**Percent**	Amount	Percent	Amount	Percent
Demand Deposits	**$ 921,718**	**18.0%**	$ 760,420	17.4%	$ 753,604	18.5%
Savings and Interest Checking	**1,900,406**	**37.1%**	1,810,481	41.5%	1,514,259	37.1%
Money Market	**1,708,674**	**33.3%**	1,273,389	29.2%	1,230,010	30.2%
Time Certificates of Deposit	**595,864**	**11.6%**	519,761	11.9%	577,975	14.2%
Total	**$5,126,662**	**100.0%**	$4,364,051	100.0%	$4,075,848	100.0%

Time Deposits of $100,000 or more as of December 31, are as follows:

(dollars in thousands)	**2020**	2019
Three months or less	**$ 165,992**	$ 84,940
Three months through six months	**94,649**	94,562
Six months through twelve months	**141,650**	146,830
Over twelve months	**55,645**	130,719
Total	**$ 457,936**	$ 457,051

Borrowings

The Bank's borrowings consisted primarily of Federal Home Loan Bank of Boston ("FHLBB") borrowings collateralized by a blanket pledge agreement on the Bank's FHLBB stock, certain qualified investment securities, deposits at the FHLBB and residential mortgages held in the Bank's portfolios. The Bank's borrowings from the FHLBB totaled $177,009,000, a decrease of $193,946,000 from the prior year. The Bank's remaining term borrowing capacity at the FHLBB at December 31, 2020, was approximately $591,974,000. In addition, the Bank has a $14,500,000 line of credit with the FHLBB. See Note 12 of the notes to consolidated financial statements, "Other Borrowed Funds and Subordinated Debentures," for a schedule, including related interest rates and other information.

Subordinated Debentures

In December 2004, the Company consummated the sale of a Trust Preferred Securities offering, in which it issued $36,083,000 of subordinated debt securities due 2034 to its newly formed unconsolidated subsidiary, Century Bancorp Capital Trust II.

Century Bancorp Capital Trust II then issued 35,000 shares of Cumulative Trust Preferred Securities with a liquidation value of $1,000 per share. These securities paid dividends at an annualized rate of 6.65% for the first ten years and then converted to the three-month LIBOR rate plus 1.87% for the remaining 20 years. The coupon rate on these securities was 2.09% at December 31, 2020. The Company is using the proceeds primarily for general business purposes.

Securities Sold Under Agreements to Repurchase

The Bank’s remaining borrowings consist primarily of securities sold under agreements to repurchase. Securities sold under agreements to repurchase totaled $232,090,000, a decrease of $33,955,000 from the prior year. See Note 11, “Securities Sold Under Agreements to Repurchase,” for a schedule, including their interest rates and other information.

RESULTS OF OPERATIONS

Net Interest Income

The Company’s operating results depend primarily on net interest income and fees received for providing services. Net interest income on a fully taxable equivalent basis increased 8.8% in 2020 to $114,110,000, compared with $104,857,000 in 2019. The increase in net interest income for 2020 is primarily due to a decrease in interest expense as a result of falling interest rates and an increase in average earning assets. The increase in net interest income for 2019 was mainly due to a 7.2% increase in the average balances of earning assets, combined with a similar increase in deposits and prepayment penalties collected. The level of interest rates, the ability of the Company’s earning assets and liabilities to adjust to changes in interest rates and the mix of the Company’s earning assets and liabilities affect net interest income. The net interest margin on a fully taxable equivalent basis decreased to 2.00% in 2020 and decreased to 2.10% in 2019 from 2.18% in 2018. The decrease in the net interest margin for 2020 was primarily the result of increased margin pressure due to the recent decrease in interest rates across the yield curve. The decrease in the net interest margin for 2019 was primarily attributable to an increase in rates paid on deposits. The Company collected approximately $1,400,000, $1,456,000, and $39,000, respectively, of prepayment penalties, which are included in interest income on loans, for 2020, 2019 and 2018, respectively.

Additional information about the net interest margin is contained in the “Overview” section of this report. Also, there can be no assurance that certain factors beyond its control, such as the prepayment of loans and changes in market interest rates, will continue to positively impact the net interest margin. Management believes that the current yield curve environment will continue to present challenges as deposit and borrowing costs may have the potential to increase at a faster rate than corresponding asset categories.

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Management's Discussion and Analysis of Results of Operations and Financial Condition

The following table sets forth the distribution of the Company's average assets, liabilities and stockholders' equity, and average rates earned or paid on a fully taxable equivalent basis for each of the years indicated.

Year Ended December 31,	2020			2019			2018		
	Average Balance	**Interest Income/ Expense (1)**	**Rate Earned/ Paid (1)**	Average Balance	Interest Income/ Expense (1)	Rate Earned/ Paid (1)	Average Balance	Interest Income/ Expense (1)	Rate Earned/ Paid (1)
(dollars in thousands)									
ASSETS									
Interest-earning assets:									
Loans (2)									
Taxable	**$1,559,577**	**$ 57,554**	**3.69%**	$1,207,896	$ 54,720	4.53%	$1,102,390	$ 46,615	4.23%
Tax-exempt	**1,214,492**	**35,540**	**2.93%**	1,133,294	41,998	3.71%	1,120,556	40,439	3.61%
Securities available-for-sale: (3)									
Taxable	**267,527**	**3,891**	**1.45%**	268,516	8,078	3.01%	310,071	7,864	2.54%
Tax-exempt	**27,947**	**417**	**1.49%**	45,088	1,324	2.94%	90,027	1,938	2.15%
Securities held-to-maturity:									
Taxable	**2,372,491**	**58,072**	**2.45%**	2,152,580	58,036	2.70%	1,854,328	45,556	2.46%
Interest-bearing deposits in other banks	**274,901**	**843**	**0.31%**	189,710	4,051	2.14%	183,903	3,498	1.90%
Total interest-earning assets	**5,716,935**	**156,317**	**2.73%**	4,997,084	168,207	3.37%	4,661,275	145,910	3.13%
Noninterest-earning assets	**307,002**			250,864			229,244		
Allowance for loan losses	**(31,951)**			(29,004)			(27,531)		
Total assets	**$5,991,986**			$5,218,944			$4,862,988		
LIABILITIES AND STOCKHOLDERS' EQUITY									
Interest-bearing deposits:									
NOW accounts	**$1,120,080**	**$ 5,443**	**0.49%**	$ 940,998	$ 9,357	0.99%	$ 926,143	$ 6,579	0.71%
Savings accounts	**780,326**	**3,437**	**0.44%**	869,483	11,826	1.36%	588,116	5,178	0.88%
Money market accounts	**1,708,674**	**15,012**	**0.88%**	1,273,389	21,170	1.66%	1,230,010	13,922	1.13%
Time deposits	**595,864**	**11,573**	**1.94%**	519,761	11,804	2.27%	577,975	10,208	1.77%
Total interest-bearing deposits	**4,204,944**	**35,465**	**0.84%**	3,603,631	54,157	1.50%	3,322,244	35,887	1.08%
Securities sold under agreements to repurchase	**221,609**	**1,376**	**0.62%**	224,361	2,347	1.05%	147,944	976	0.66%
Other borrowed funds and subordinated debentures	**201,656**	**5,366**	**2.66%**	231,926	6,846	2.95%	291,674	7,617	2.61%
Total interest-bearing liabilities	**4,628,209**	**42,207**	**0.91%**	4,059,918	63,350	1.56%	3,761,862	44,480	1.18%
Noninterest-bearing liabilities									
Demand deposits	**921,718**			760,420			753,604		
Other liabilities	**89,147**			79,437			70,020		
Total liabilities	**5,639,074**			4,899,775			4,585,486		
Stockholders' equity	**352,912**			319,169			277,502		
Total liabilities and stockholders' equity	**$5,991,986**			$5,218,944			$4,862,988		
Net interest income on a fully taxable equivalent basis		**$114,110**			$104,857			$101,430	
Less taxable equivalent adjustment		**(7,281)**			(9,068)			(8,854)	
Net interest income		**$106,829**			$ 95,789			$ 92,576	
Net interest spread			**1.82%**			1.81%			1.95%
Net interest margin			**2.00%**			2.10%			2.18%

(1) On a fully taxable equivalent basis calculated using a federal tax rate of 21%.
(2) Nonaccrual loans are included in average amounts outstanding.
(3) At amortized cost.

Management's Discussion and Analysis of Results of Operations and Financial Condition

The following table summarizes the year-to-year changes in the Company's net interest income resulting from fluctuations in interest rates and volume changes in earning assets and interest-bearing liabilities. Changes due to rate are computed by multiplying the change in rate by the prior year's volume. Changes due to volume are computed by multiplying the change in volume by the prior year's rate. Changes in volume and rate that cannot be separately identified have been allocated in proportion to the relationship of the absolute dollar amounts of each change.

Year Ended December 31,	**2020 Compared with 2019 Increase/(Decrease) Due to Change in**			2019 Compared with 2018 Increase/(Decrease) Due to Change in		
(dollars in thousands)	**Volume**	**Rate**	**Total**	Volume	Rate	Total
Interest income:						
Loans						
Taxable	**$14,127**	**$(11,293)**	**$ 2,834**	$ 4,644	$ 3,461	$ 8,105
Tax-exempt	**2,848**	**(9,306)**	**(6,458)**	463	1,096	1,559
Securities available-for-sale:						
Taxable	**(30)**	**(4,157)**	**(4,187)**	(1,136)	1,350	214
Tax-exempt	**(395)**	**(512)**	**(907)**	(1,171)	557	(614)
Securities held-to-maturity:						
Taxable	**5,642**	**(5,606)**	**36**	7,772	4,708	12,480
Interest-bearing deposits in other banks	**1,283**	**(4,491)**	**(3,208)**	113	440	553
Total interest income	**23,475**	**(35,365)**	**(11,890)**	10,685	11,612	22,297
Interest expense:						
Deposits:						
NOW accounts	**1,534**	**(5,448)**	**(3,914)**	107	2,671	2,778
Savings accounts	**(1,105)**	**(7,284)**	**(8,389)**	3,108	3,540	6,648
Money market accounts	**5,803**	**(11,961)**	**(6,158)**	507	6,741	7,248
Time deposits	**1,603**	**(1,834)**	**(231)**	(1,105)	2,701	1,596
Total interest-bearing deposits	**7,835**	**(26,527)**	**(18,692)**	2,617	15,653	18,270
Securities sold under agreements to repurchase	**(28)**	**(943)**	**(971)**	642	729	1,371
Other borrowed funds and subordinated debentures	**(843)**	**(637)**	**(1,480)**	(1,685)	914	(771)
Total interest expense	**6,964**	**(28,107)**	**(21,143)**	1,574	17,296	18,870
Change in net interest income	**$16,511**	**$ (7,258)**	**$ 9,253**	$ 9,111	$ (5,684)	$ 3,427

Average earning assets were $5,716,935,000 in 2020, an increase of $719,851,000 or 14.4% from the average in 2019, which was 7.2% higher than the average in 2018. Total average securities, including securities available-for-sale and securities held-to-maturity, were $2,667,965,000, an increase of 8.2% from the average in 2019. The increase in securities volume was mainly attributable to an increase in taxable securities held-to-maturity. An increase in securities volume and a decrease in rates resulted in lower securities income, which decreased 7.5% to $62,380,000 on a fully taxable equivalent basis. Total average loans increased by $432,879,000, or 18.5% to $2,774,069,000 after increasing by $118,244,000, or 5.3% in 2019. The primary reasons for the increase in loans were SBA PPP loans, taxable commercial and industrial loans, tax-exempt commercial and industrial loans, and residential mortgage lending. The increase in loan volume offset by lower interest rates resulted in lower loan income. Loan income decreased by 3.7% or $3,624,000 to $93,094,000 in 2020 compared to 2019. The increase in loan volume resulted in higher loan income for 2019. Loan income increased by 11.1% or $9,664,000 to $96,718,000 in 2019 compared to 2018. This was mainly the result of an increase in rates and average balances. Total loan income was $87,054,000 in 2018.

The Company’s sources of funds include deposits and borrowed funds. On average, deposits increased 17.5%, or $762,611,000, in 2020 after increasing by 7.1%, or $288,203,000, in 2019. Deposits increased in 2020, primarily as a result of increases in demand deposits, NOW deposits, money market accounts, and time deposits. Deposits increased in 2019, primarily as a result of increases in savings and NOW deposits, demand deposits, and money market accounts. This was offset, somewhat, by a decrease in time deposits. Borrowed funds and subordinated debentures decreased by 7.2% in 2020, following a decrease of 3.8% in 2019. The majority of the Company’s borrowed funds are borrowings from the FHLBB, and retail repurchase agreements. Average borrowings from the FHLBB decreased by approximately $30,270,000, and average retail repurchase agreements decreased by $2,752,000 in 2020. Interest expense totaled $42,207,000 in 2020, a decrease of $21,143,000, or 33.4%, from 2019 when interest expense increased 42.4% from 2018. The decrease in interest expense, for 2020, is primarily due to decreases in the rates on deposits and borrowed funds offset, somewhat, by an increase in average balances of deposits. The increase in interest expense, for 2019, is primarily due to increases in the rates on deposits and borrowed funds as well as an increase in average balances of deposits and repurchase agreements.

Provision for Loan Losses

The provision for loan losses was $5,825,000 in 2020, compared with $1,250,000 in 2019 and $1,350,000 in 2018. These provisions are the result of management’s evaluation of the amounts and credit quality of the loan portfolio considering such factors as loan status, collateral values, financial condition of the borrower, the state of the economy and other relevant information. The provision for loan losses increased during 2020, primarily as a result of the economic uncertainties associated with the COVID-19 pandemic and increased loan balances, partially offset by a decline in historical loss rates. The provision for loan losses decreased during 2019, primarily as a result of improvements in historical loss factors.

Other Operating Income

During 2020, the Company continued to experience strong results in its fee-based services, including fees derived from traditional banking activities such as deposit-related services, its automated lockbox collection system and full-service securities brokerage supported by LPL Financial, a full-service securities brokerage business.

Under the lockbox program, which is not tied to extensions of credit by the Company, the Company’s customers arrange for payments of their accounts receivable to be made directly to the Company. The Company records the amounts paid to its customers, deposits the funds to the customer’s account and provides automated records of the transactions to customers. Typical customers for the lockbox service are municipalities that use it to automate tax collections, utilities, and other commercial enterprises.

Through a program called Investment Services at Century Bank, the Bank provides full-service securities brokerage services supported by LPL Financial, a full-service securities brokerage business. Registered representatives employed by Century Bank offer limited investment advice, execute transactions, and assist customers in financial and retirement planning. LPL Financial provides research to the Bank’s representatives. The Bank receives a share in the commission revenues.

Total other operating income in 2020 was $19,100,000, an increase of $701,000, or 3.8%, compared to 2019. This increase followed an increase of $2,151,000, or 13.2%, in 2019, compared to 2018. Included in other operating income are net gains on sales of securities of $0, $61,000, and $302,000 in 2020, 2019 and 2018, respectively. Also included in other operating income are net gains on sales of mortgage loans of $0, $412,000, and $0 in 2020, 2019 and 2018, respectively.

Service charge income, which continues to be a major source of other operating income, totaling $8,818,000 in 2020, decreased $402,000 compared to 2019. This followed an increase of $660,000 in 2019 compared to 2018. The decrease in fees, in 2020, was mainly attributable to a decrease in overdraft charges. The increase in fees, in 2019, was mainly attributable to an increase in processing activities and an increase in debit card fees. Lockbox revenues totaled $3,745,000, a decrease of $228,000 in 2020 following an increase of $699,000 in 2019. Lockbox revenues decreased during 2020 primarily as a result of a decrease in customer activity. Lockbox revenues increased during 2019 primarily as a result of the addition of a large lockbox customer. Other income totaled $6,266,000, up $1,810,000 in 2020 following an increase of $692,000 in 2019. The increase in 2020 was primarily the result of a death benefit received from life insurance policies. The increase in 2019 was primarily the result of a death benefit received from life insurance policies as well as increases in wealth management fees.

Operating Expenses

Total operating expenses were $73,488,000 in 2020, compared to $72,129,000 in 2019 and $69,693,000 in 2018.

Salaries and employee benefits expenses increased by $1,289,000 or 2.9% in 2020, after increasing by 3.1% in 2019. The increase in 2020 was mainly attributable to merit increases in salaries and increased pension costs. The increase in 2019 was mainly attributable to merit increases in salaries. Occupancy expense decreased by $206,000, or 3.3%, in 2020, following an increase of $154,000, or 2.5%, in 2019. The decrease in 2020 was primarily attributable to a decrease in rent expense. The increase in 2019 was primarily attributable to an increase in rent and real estate tax expense.

Equipment expense increased by $257,000, or 7.9%, in 2020, following an increase of $106,000, or 3.4%, in 2019. The increase in 2020 was primarily attributable to an increase in depreciation expense due to an increase in fixed assets. The increase in 2019 was primarily attributable to an increase in service contracts expense.

FDIC assessments increased by $445,000, or 61.0%, in 2020, following a decrease of $742,000, or 50.4%, in 2019. FDIC assessments increased in 2020 mainly as a result of FDIC assessment credits recognized during 2019. FDIC assessments decreased in 2019 mainly as a result of FDIC assessment credits recognized during 2019.

Other operating expenses decreased by $426,000 in 2020, which followed a $1,614,000 increase in 2019. The decrease in 2020 was primarily attributable to a decrease in marketing expenses offset, somewhat, by increases in security costs. The increase in 2019 was primarily attributable to an increase in pension and software maintenance expense.

Provision for Income Taxes

Income tax expense was $4,407,000 in 2020, $1,110,000 in 2019, and $1,568,000 in 2018. The effective tax rate was 9.5% in 2020, 2.7% in 2019, and 4.2% in 2018. The increase in 2020 was primarily as a result of an increase in the mix of taxable income relative to total income and a reduction in tax accruals, during 2019, related to sequestration of the refundable portion of our alternative minimum tax (AMT) credit carryforward, offset by an increase in life insurance proceeds received. The decrease for 2019 was primarily as a result of a reduction in tax accruals related to sequestration of the refundable portion of our alternative minimum tax (AMT) credit carryforward. On January 14, 2019, the IRS updated its announcement "Effect of Sequestration on the Alternative Minimum Tax Credit for Corporations" to clarify that refundable AMT credits under Section 53(e) of the Internal Revenue Code are not subject to sequestration for taxable years beginning after December 31, 2017. On March 27, 2020, the CARES Act was signed into law. As a result of the CARES Act, the full balance of the AMT credit was refunded in 2020. The federal tax rate was 21% in 2020, 2019 and 2018.

Market Risk and Asset Liability Management

Market risk is the risk of loss from adverse changes in market prices and rates. The Company's market risk arises primarily from interest rate risk inherent in its lending and deposit-taking activities. To that end, management actively monitors and manages its interest rate risk exposure.

The Company's profitability is affected by fluctuations in interest rates. A sudden and substantial change in interest rates may adversely impact the Company's earnings to the extent that the interest rates borne by assets and liabilities do not change at the same speed, to the same extent or on the same basis. The Company monitors the impact of changes in interest rates on its net interest income using several tools. One measure of the Company's exposure to differential changes in interest rates between assets and liabilities is an interest rate risk management test.

This test measures the impact on net interest income of an immediate change in interest rates in 100-basis point increments as set forth in the following table:

Change in Interest Rates (in Basis Points)	Percentage Change in Net Interest Income [1]
+400	(10.9)
+300	(7.5)
+200	(5.6)
+100	(4.3)
–100	0.2
–200	(2.9)

[1] The percentage change in this column represents net interest income for 12 months in various rate scenarios versus the net interest income in a stable interest rate environment.

The changes in the table above are within the Company's policy parameters.

The Company's primary objective in managing interest rate risk is to minimize the adverse impact of changes in interest rates on the Company's net interest income and capital, while structuring the Company's asset-liability structure to obtain the maximum yield-cost spread on that structure. The Company relies primarily on its asset-liability structure to control interest rate risk.

Liquidity and Capital Resources

Liquidity is provided by maintaining an adequate level of liquid assets that includes cash and due from banks, federal funds sold and other temporary investments. Liquid assets totaled $374,000,000 on December 31, 2020, compared with $258,693,000 on December 31, 2019. In each of these two years, deposit and borrowing activity has generally been adequate to support asset activity.

The sources of funds for dividends paid by the Company are dividends received from the Bank and liquid funds held by the Company. The Company and the Bank are regulated enterprises and their abilities to pay dividends are subject to regulatory review and restriction. Certain regulatory and statutory restrictions exist regarding dividends, loans and advances from the Bank to the Company. Generally, the Bank has the ability to pay dividends to the Company subject to minimum regulatory capital requirements.

Capital Adequacy

Total stockholders' equity was $370,409,000 at December 31, 2020, compared with $332,581,000 at December 31, 2019. The Company's equity increased primarily as a result of earnings, offset somewhat by an increase in other comprehensive loss, net of taxes, and by dividends paid. Other comprehensive loss, net of taxes, increased primarily as a result of an increase in the pension liability, net of taxes, offset somewhat by a decrease in unrealized losses on securities transferred from available-for-sale to held-to-maturity, net of taxes, and an increase in unrealized gains on securities available-for-sale, net of taxes.

Federal banking regulators have issued risk-based capital guidelines, which assign risk factors to asset categories and off-balance-sheet items. The following table reflects capital ratios computed utilizing the recently implemented Basel III regulatory capital framework:

	Minimum Capital Ratios	Bank	Company
Leverage ratios	**4.00%**	**6.41%**	**6.64%**
Common equity tier 1 risk weighted capital ratios	**4.50%**	**12.00%**	**11.39%**
Tier 1 risk weighted capital ratios	**6.00%**	**12.00%**	**12.40%**
Total risk weighted capital ratios	**8.00%**	**13.03%**	**13.43%**

Contractual Obligations, Commitments, and Contingencies

The Company has entered into contractual obligations and commitments. The following tables summarize the Company's contractual cash obligations and other commitments at December 31, 2020.

	Payments Due—By Period				
CONTRACTUAL OBLIGATIONS (dollars in thousands)	Total	Less Than One Year	One to Three Years	Three to Five Years	After Five Years
FHLBB advances	$177,009	$ 67,500	$ 33,500	$ 67,000	$ 9,009
Subordinated debentures	36,083	—	—	—	36,083
Retirement benefit obligations	58,959	4,578	9,456	10,925	34,000
Lease obligations	16,670	2,156	3,957	3,163	7,394
Customer repurchase agreements	232,090	232,090	—	—	—
Total contractual cash obligations	$520,811	$306,324	$ 46,913	$ 81,088	$ 86,486

	Amount of Commitment Expiring—By Period				
OTHER COMMITMENTS (dollars in thousands)	Total	Less Than One Year	One to Three Years	Three to Five Years	After Five Years
Lines of credit	$787,206	$ 49,158	$ 206,992	$123,842	$407,214
Standby and commercial letters of credit	5,344	2,266	2,910	168	—
Other commitments	96,483	32,548	2,601	6,063	55,271
Total commitments	$889,033	$ 83,972	$ 212,503	$130,073	$462,485

Financial Instruments with Off-Balance-Sheet Risk

The Company is party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments primarily include commitments to originate and sell loans, standby letters of credit, unused lines of credit and unadvanced portions of construction loans. The instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheet. The contract or notional amounts of those instruments reflect the extent of involvement the Company has in these particular classes of financial instruments.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for loan commitments, standby letters of credit and unadvanced portions of construction loans is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

Financial instruments with off-balance-sheet risk at December 31 are as follows:

Contract or Notional Amount (dollars in thousands)	2020	2019
Financial instruments whose contract amount represents credit risk:		
Commitments to originate 1–4 family mortgages	**$ 28,163**	$ 13,806
Standby and commercial letters of credit	**5,344**	5,779
Unused lines of credit	**787,206**	625,524
Unadvanced portions of construction loans	**54,553**	11,062
Unadvanced portions of other loans	**13,767**	15,801

Commitments to originate loans, unadvanced portions of construction loans and unused letters of credit are generally agreements to lend to a customer, provided there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer’s creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management’s credit evaluation of the borrower.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance by a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The fair value of standby letters of credit was $78,000 and $44,000 for 2020 and 2019, respectively.

Recent Accounting Developments

Accounting Standards Issued but not yet Adopted

The following list identifies ASUs applicable to the Company that have been issued by the FASB but are not yet effective:

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The amendments in the ASU are effective for a limited period and mainly address accounting and reporting challenges due to the transition from LIBOR on existing contracts. The optional expedients may be applied to loans, borrowings, leases and derivatives at any period as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020, or prospectively from a date within an interim period that includes or is subsequent to March 12, 2020 up to the date that the financial statements are available to be issued. The ASU simplifies the accounting analyses for contract modifications and simplifies the hedge effectiveness assessment and allows hedging relationships impacted by the LIBOR transition to continue. The amendments in this ASU are effective for all entities as of March 12, 2020 through December 31, 2022. The Company is assessing the impact of this standard but does not expect that it will have a material impact on the Company’s consolidated financial statements, or results of operations.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. The amendments in this ASU simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The amendments in this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. The effect of this ASU is not expected to have a material impact on the Company’s consolidated financial position.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (CECL). This ASU was issued to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date.

To achieve this objective, the amendments in this ASU replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The amendments in this ASU are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. See discussion below of the deferral of the amendments in this ASU.

To implement the new standard the Company has purchased a software solution and has captured the information needed to implement this ASU. As part of the FASB ASC 326 implementation process, the company is using two models: a rating migration model and a probability of default model. The ratings migration model, which will be used for our larger loans made to institutions with available credit ratings, is designed to estimate loss reserves according to the CECL standard for rated loans or similar instruments. The model structure follows a grade migration approach, where the default rate is based on the probability of each grade transition which is modelled using historical data. The probability of default model, which will be used for our remaining commercial loans and our consumer loans, is based primarily on four components: loss history, product life cycle, behavioral attributes and the economic environment. During the fourth quarter of 2019 and during 2020, the Company tested the two CECL credit models in parallel with the existing incurred loss models. The securities held-to-maturity include U.S. Treasury, U.S. Government Sponsored Enterprises, SBA Backed Securities and U.S. Government Agency and Sponsored Enterprise Mortgage-Backed Securities. The CECL standard allows assumption of zero expected credit losses where expectation of non-payment is zero for these types of securities. The Company expects no impact from ASU 2016-13 to arise from this portfolio.

Since ASU 2016-13, the FASB has issued amendments intended on improving the clarification of the amendment, ASU 2018-19 Codification Improvements to Topic 326, Financial Instruments—Credit Losses and ASU 2019-04 Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging. The amendment in ASU 2018-19 was issued in November 2018 and was intended to clarify that receivables arising from operating leases are not within the scope of Subtopic 326-20. Instead, impairment of receivables arising from operating leases should be accounted for in accordance with Topic 842, Leases. The amendment in ASU 2019-04 was issued in April 2019 and was intended to clarify stakeholders’ specific issues about certain aspects of the amendments in ASU 2016-13. ASU 2019- 05 Financial Instruments—Credit Losses (Topic 326): Targeted Transition Relief was also issued in May 2019. This ASU provides entities the option to irrevocably elect the fair value option for certain financial assets previously measured at amortized costs basis. The fair value option election does not apply to held-to-maturity debt securities. An entity that elects the fair value option should subsequently apply the guidance in Subtopics 820-10, Fair Value Measurement—Overall. The amendments in this ASU should be applied on a modified-retrospective basis by means of a cumulative-effect adjustment to the opening balance of retained earnings balance in the statement of financial position as of the date that an entity early adopted the amendments in ASU 2016-13. In November 2019, the FASB issued ASU 2019-11, Codification Improvements to Topic 326, Financial Instruments—Credit Losses. The amendments in this ASU affect a variety of Topics in the Codification. The amendments apply to all reporting entities within the scope of the affected accounting guidance. This ASU is effective for annual reporting periods beginning after December 15, 2019.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law. The CARES Act allows certain companies to delay FASB ASU 2016-13, Measurement of Credit Losses on Financial Instruments (CECL), and subsequent amendments to the ASU noted above, including the current expected credit losses methodology for estimating allowances for credit losses. The Company has elected to delay FASB ASU 2016-13. This ASU was delayed until the earlier of the date on which the national emergency concerning the COVID-19 outbreak declared by the President on March 15, 2020 terminates or December 31, 2020, with an effective retrospective implementation date of January 1, 2020. On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 was signed into law. The law changed the delayed implementation date to the earlier of the first day of the Company’s fiscal year that begins after the date on which the national emergency terminates or January 1, 2022. The Company does not believe the impact of adoption would have been material to the Company’s consolidated financial statements as of December 31, 2020.

In August 2018, FASB issued ASU 2018-14, Compensation-Retirement Benefits-Defined Benefit Plans-General (Subtopic 715-20): Disclosure Framework-Changes to the Disclosure Requirements for Defined Benefit Plans. The amendments in this ASU remove disclosures that no longer are considered cost beneficial, clarify the specific requirements of disclosures, and add disclosure requirements identified as relevant. This ASU is effective for annual reporting periods beginning after December 15, 2020. The effect of this update will not have a material impact on the Company’s consolidated financial position.

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Consolidated Balance Sheets

December 31, (dollars in thousands except share data)	2020	2019
ASSETS		
Cash and due from banks (Note 2)	**$ 136,735**	$ 44,420
Federal funds sold and interest-bearing deposits in other banks	**237,265**	214,273
Total cash and cash equivalents	**374,000**	258,693
Securities available-for-sale, amortized cost $282,273 in 2020 and $260,924 in 2019 (Notes 3, 9 and 11)	**282,448**	260,502
Securities held-to-maturity, fair value $2,579,103 in 2020 and $2,361,304 in 2019 (Notes 4 and 11)	**2,509,088**	2,351,120
Federal Home Loan Bank of Boston, stock at cost	**13,361**	19,471
Equity securities, cost $1,635 in 2020 and $1,635 in 2019, respectively	**1,668**	1,688
Loans, net (Note 5)	**2,995,829**	2,426,119
Less: allowance for loan losses (Note 6)	**35,486**	29,585
Net loans	**2,960,343**	2,396,534
Bank premises and equipment (Note 7)	**39,062**	33,952
Accrued interest receivable	**13,283**	13,110
Other assets (Notes 5, 6, 8, 16, 17, 23)	**165,581**	157,354
Total assets	**$ 6,358,834**	$ 5,492,424
LIABILITIES AND STOCKHOLDERS' EQUITY		
Demand deposits	**$ 1,103,878**	$ 712,842
Savings and NOW deposits	**1,728,092**	1,678,250
Money market accounts	**2,074,108**	1,453,572
Time deposits (Note 10)	**546,143**	555,447
Total deposits	**5,452,221**	4,400,111
Securities sold under agreements to repurchase (Note 11)	**232,090**	266,045
Other borrowed funds (Note 12)	**177,009**	370,955
Subordinated debentures (Note 12)	**36,083**	36,083
Other liabilities (Note 17)	**91,022**	86,649
Total liabilities	**5,988,425**	5,159,843
Commitments and contingencies (Notes 18 and 19)		
Stockholders' equity (Note 15):		
Preferred Stock—$1.00 par value; 100,000 shares authorized; no shares issued and outstanding	**—**	—
Common stock, Class A, $1.00 par value per share; authorized 10,000,000 shares; issued 3,655,469 shares in 2020 and 3,650,949 shares in 2019	**3,656**	3,651
Common stock, Class B, $1.00 par value per share; authorized 5,000,000 shares; issued 1,912,440 in 2020 and 1,916,960 shares in 2019	**1,912**	1,917
Additional paid-in capital	**12,292**	12,292
Retained earnings	**378,699**	338,980
	396,559	356,840
Unrealized gains(losses) on securities available-for-sale, net of taxes	**130**	(308)
Unrealized losses on securities transferred to held-to-maturity, net of taxes	**(1,221)**	(1,812)
Pension liability, net of taxes	**(25,059)**	(22,139)
Total accumulated other comprehensive loss, net of taxes (Notes 3, 13 and 15)	**(26,150)**	(24,259)
Total stockholders' equity	**370,409**	332,581
Total liabilities and stockholders' equity	**$ 6,358,834**	$ 5,492,424

See accompanying "Notes to Consolidated Financial Statements."

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Consolidated Statements of Income

Year Ended December 31, (dollars in thousands except share data)	2020	2019	2018
INTEREST INCOME			
Loans, taxable	**$ 57,554**	$ 54,720	$ 46,615
Loans, non-taxable	**28,329**	33,167	31,936
Securities available-for-sale, taxable	**3,264**	7,125	6,748
Securities available-for-sale, non-taxable	**348**	1,087	1,587
Federal Home Loan Bank of Boston dividends	**626**	953	1,116
Securities held-to-maturity	**58,072**	58,036	45,556
Federal funds sold, interest-bearing deposits in other banks and short-term investments	**843**	4,051	3,498
Total interest income	**149,036**	159,139	137,056
INTEREST EXPENSE			
Savings and NOW deposits	**8,880**	21,183	11,757
Money market accounts	**15,012**	21,170	13,922
Time deposits	**11,573**	11,804	10,208
Securities sold under agreements to repurchase	**1,376**	2,347	976
Other borrowed funds and subordinated debentures	**5,366**	6,846	7,617
Total interest expense	**42,207**	63,350	44,480
Net interest income	**106,829**	95,789	92,576
Provision for loan losses (Note 6)	**5,825**	1,250	1,350
Net interest income after provision for loan losses	**101,004**	94,539	91,226
OTHER OPERATING INCOME			
Service charges on deposit accounts	**8,818**	9,220	8,560
Lockbox fees	**3,745**	3,973	3,274
Brokerage commissions	**271**	277	348
Net gains on sales of securities	**—**	61	302
Gains on sales of mortgage loans	**—**	412	—
Other income	**6,266**	4,456	3,764
Total other operating income	**19,100**	18,399	16,248
OPERATING EXPENSES			
Salaries and employee benefits (Note 17)	**45,303**	44,014	42,710
Occupancy	**6,040**	6,246	6,092
Equipment	**3,495**	3,238	3,132
FDIC assessments	**1,174**	729	1,471
Other (Note 20)	**17,476**	17,902	16,288
Total operating expenses	**73,488**	72,129	69,693
Income before income taxes	**46,616**	40,809	37,781
Provision for income taxes (Note 16)	**4,407**	1,110	1,568
Net income	**$ 42,209**	$ 39,699	$ 36,213
SHARE DATA (Note 14)			
Weighted average number of shares outstanding, basic			
Class A	**3,653,939**	3,633,044	3,608,179
Class B	**1,913,970**	1,934,865	1,959,730
Weighted average number of shares outstanding, diluted			
Class A	**5,567,909**	5,567,909	5,567,909
Class B	**1,913,970**	1,934,865	1,959,730
Basic earnings per share			
Class A	**$ 9.15**	$ 8.63	$ 7.89
Class B	**$ 4.58**	$ 4.31	$ 3.95
Diluted earnings per share			
Class A	**$ 7.58**	$ 7.13	$ 6.50
Class B	**$ 4.58**	$ 4.31	$ 3.95

See accompanying “Notes to Consolidated Financial Statements.”

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Consolidated Statements of Comprehensive Income

Year Ended December 31, (dollars in thousands)	2020	2019	2018
NET INCOME	**$42,209**	$39,699	$36,213
Other comprehensive income (loss), net of tax:			
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising during period	**438**	(270)	326
Less: reclassification adjustment for gains included in net income	**—**	(44)	(217)
Total unrealized gains (losses) on securities	**438**	(314)	109
Accretion of net unrealized losses transferred during period	**591**	753	1,086
Defined benefit pension plans:			
Pension liability adjustment, net of tax:			
Net (loss) gain	**(4,361)**	(6,842)	3,770
Amortization of prior service cost and loss included in net periodic benefit cost	**1,441**	1,053	1,167
Total pension liability adjustment	**(2,920)**	(5,789)	4,937
Other comprehensive (loss) income	**(1,891)**	(5,350)	6,132
Comprehensive income	**$40,318**	$34,349	$42,345

See accompanying “Notes to Consolidated Financial Statements.”

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Consolidated Statements of Changes in Stockholders' Equity

(dollars in thousands except share data)	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
BALANCE, DECEMBER 31, 2017	$ 3,606	$ 1,962	$ 12,292	$263,666	$ (21,229)	$ 260,297
Net income	—	—	—	36,213	—	36,213
Other comprehensive income, net of tax:						
Unrealized holding gains arising during period, net of $16 in taxes and $302 in realized net gains	—	—	—	—	109	109
Accretion of net unrealized losses transferred during the period, net of $391 in taxes	—	—	—	—	1,086	1,086
Pension liability adjustment, net of $1,930 in taxes	—	—	—	—	4,937	4,937
Adoption of ASU 2018-2, Income Statement-Reporting Comprehensive Income (Topic 220)-Reclassification of Certain Tax Effects from AOCI	—	—	—	3,783	(3,783)	—
Adoption of ASU 2016-1, Financial Instruments-Overall (Subtopic 825-10) Recognition and Measurement of Financial Assets and Financial Liabilities	—	—	—	29	(29)	—
Conversion of Class B Common Stock to Class A Common Stock, 2,500 shares	2	(2)	—	—	—	—
Cash dividends, Class A Common Stock, $0.48 per share	—	—	—	(1,732)	—	(1,732)
Cash dividends, Class B Common Stock, $0.24 per share	—	—	—	(471)	—	(471)
BALANCE, DECEMBER 31, 2018	$ 3,608	$ 1,960	$ 12,292	$301,488	$ (18,909)	$ 300,439
Net income	—	—	—	39,699	—	39,699
Other comprehensive income, net of tax:						
Unrealized holding gains arising during period, net of $116 in taxes and $61 in realized net gains	—	—	—	—	(314)	(314)
Accretion of net unrealized losses transferred during the period, net of $269 in taxes	—	—	—	—	753	753
Pension liability adjustment, net of $2,263 in taxes	—	—	—	—	(5,789)	(5,789)
Conversion of Class B Common Stock to Class A Common Stock, 42,620 shares	43	(43)	—	—	—	—
Cash dividends, Class A Common Stock, $0.48 per share	—	—	—	(1,742)	—	(1,742)
Cash dividends, Class B Common Stock, $0.24 per share	—	—	—	(465)	—	(465)
BALANCE, DECEMBER 31, 2019	$ 3,651	$ 1,917	$ 12,292	338,980	(24,259)	$ 332,581
Net income	**—**	**—**	**—**	**42,209**	**—**	**42,209**
Other comprehensive income, net of tax:						
Unrealized holding gains arising during period, net of $159 in taxes	**—**	**—**	**—**	**—**	**438**	**438**
Accretion of net unrealized losses transferred during the period, net of $207 in taxes	**—**	**—**	**—**	**—**	**591**	**591**
Pension liability adjustment, net of $1,142 in taxes	**—**	**—**	**—**	**—**	**(2,920)**	**(2,920)**
Conversion of Class B Common Stock to Class A Common Stock, 4,520 shares	**5**	**(5)**	**—**	**—**	**—**	**—**
Cash dividends, Class A Common Stock, $0.54 per share	**—**	**—**	**—**	**(1,973)**	**—**	**(1,973)**
Cash dividends, Class B Common Stock, $0.27 per share	**—**	**—**	**—**	**(517)**	**—**	**(517)**
BALANCE, DECEMBER 31, 2020	**$ 3,656**	**$ 1,912**	**$ 12,292**	**$378,699**	**$ (26,150)**	**$ 370,409**

See accompanying "Notes to Consolidated Financial Statements."

Consolidated Statements of Cash Flows

Year Ended December 31,	2020	2019	2018
(dollars in thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	**$ 42,209**	$ 39,699	$ 36,213
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on sales of portfolio loans	**—**	(412)	—
Loss on sales of other real estate owned	**—**	79	—
Net gains on sales of securities	**—**	(61)	(302)
Net (gain) loss on equity securities	**20**	(92)	67
Provision for loan losses	**5,825**	1,250	1,350
Deferred tax (expense) benefit	**(1,089)**	(2,135)	(1,766)
Net depreciation and amortization	**(1,070)**	(2,382)	885
(Increase) decrease in accrued interest receivable	**(173)**	1,296	(3,227)
Decrease in other assets	**(413)**	8,532	2,326
(Decrease) increase in other liabilities	**(934)**	2,075	5,242
Net cash provided by operating activities	**44,375**	47,849	40,788
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from redemptions of Federal Home Loan Bank of Boston stock	**10,836**	14,380	18,388
Purchase of Federal Home Loan Bank of Boston stock	**(4,726)**	(15,877)	(14,583)
Proceeds from calls/maturities of securities available-for-sale	**86,691**	144,739	215,406
Proceeds from sales of securities available-for-sale	**—**	16,285	27,517
Purchase of securities available-for-sale	**(107,744)**	(85,123)	(183,588)
Proceeds from calls/maturities of securities held-to-maturity	**902,981**	458,915	234,741
Proceeds from sales of securities held-to-maturity	**—**	1,193	—
Purchase of securities held-to-maturity	**(1,056,023)**	(757,997)	(576,140)
Proceeds from life insurance policies	**3,900**	5,461	375
Proceeds from sales of portfolio loans	**—**	22,120	—
Net increase in loans	**(569,595)**	(162,415)	(110,874)
Bank owned life insurance purchases	**(8,731)**	(33,664)	—
Proceeds from sales of other real estate owned	**—**	2,146	—
Capital expenditures	**(8,376)**	(13,144)	(3,601)
Net cash used in investing activities	**(750,787)**	(402,981)	(392,359)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net decrease in time deposit accounts	**(9,304)**	(5,132)	(64,782)
Net increase (decrease) in demand, savings, money market and NOW deposits	**1,061,414**	(1,721)	554,779
Cash dividends	**(2,490)**	(2,207)	(2,203)
Net (decrease) increase in securities sold under agreements to repurchase	**(33,955)**	111,805	(4,750)
Net (decrease) increase in other borrowed funds	**(193,946)**	168,577	(145,400)
Net cash provided by financing activities	**821,719**	271,322	337,644
Net increase (decrease) in cash and cash equivalents	**115,307**	(83,810)	(13,927)
Cash and cash equivalents at beginning of year	**258,693**	342,503	356,430
Cash and cash equivalents at end of year	**$ 374,000**	$ 258,693	$ 342,503
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid (received) during the year for:			
Interest	**$ 42,655**	$ 63,345	$ 44,289
Income taxes	**$ 4,300**	$ (6,504)	$ 590
Change in unrealized losses on securities available-for-sale, net of taxes	**$ 438**	$ (314)	$ 109
Change in unrealized losses on securities transferred to held-to-maturity, net of taxes	**$ 591**	$ 753	$ 1,086
Pension liability adjustment, net of taxes	**$ (2,920)**	$ (5,789)	$ 4,937
Transfer of loans to other real estate owned	**$ —**	$ —	$ 2,225

See accompanying "Notes to Consolidated Financial Statements."

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

BASIS OF FINANCIAL STATEMENT PRESENTATION

The consolidated financial statements include the accounts of Century Bancorp, Inc. (the “Company”) and its wholly owned subsidiary, Century Bank and Trust Company (the “Bank”). The consolidated financial statements also include the accounts of the Bank’s wholly owned subsidiaries, Century Subsidiary Investments, Inc. (“CSII”), Century Subsidiary Investments, Inc. II (“CSII II”), Century Subsidiary Investments, Inc. III (“CSII III”) and Century Financial Services Inc. (“CFSI”). CSII, CSII II, and CSII III are engaged in buying, selling, and holding investment securities. CFSI has the power to engage in financial agency, securities brokerage, and investment and financial advisory services and related securities credit. The Company also owns 100% of Century Bancorp Capital Trust II (“CBCT II”). The entity is an unconsolidated subsidiary of the Company.

All significant intercompany accounts and transactions have been eliminated in consolidation. The Company provides a full range of banking services to individual, business, and municipal customers in Massachusetts, New Hampshire, Rhode Island, Connecticut, and New York. As a bank holding company, the Company is subject to the regulation and supervision of the Federal Reserve Board. The Bank, a state chartered financial institution, is subject to supervision and regulation by applicable state and federal banking agencies, including the Federal Reserve Board, the Federal Deposit Insurance Corporation (the “FDIC”) and the Commonwealth of Massachusetts Commissioner of Banks. The Bank is also subject to various requirements and restrictions under federal and state law, including requirements to maintain reserves against deposits, restrictions on the types and amounts of loans that may be granted and the interest that may be charged thereon, and limitations on the types of investments that may be made and the types of services that may be offered. Various consumer laws and regulations also affect the operations of the Bank. In addition to the impact of regulation, commercial banks are affected significantly by the actions of the Federal Reserve Board as it attempts to control the money supply and credit availability in order to influence the economy. All aspects of the Company’s business are highly competitive. The Company faces aggressive competition from other lending institutions and from numerous other providers of financial services. The Company has one reportable operating segment.

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and general practices within the banking industry. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses for the period. Actual results could differ from those estimates.

Material estimates that are susceptible to change in the near term relate to the allowance for loan losses. Management believes that the allowance for loan losses is adequate based on a review of factors, including historical charge-off rates with additional allocations based on qualitative risk factors for each category and general economic factors. While management uses available information to recognize loan losses, future additions to the allowance for loan losses may be necessary based on changes in economic conditions. In addition, regulatory agencies periodically review the Company’s allowance for loan losses. Such agencies may require the Company to recognize additions to the allowance for loan losses based on their judgments about information available to them at the time of their examination. Certain reclassifications are made to prior-year amounts whenever necessary to conform with the current-year presentation.

FAIR VALUE MEASUREMENTS

The Company follows FASB ASC 820-10, *Fair Value Measurements and Disclosures,* which among other things, requires enhanced disclosures about assets and liabilities carried at fair value. ASC 820-10 establishes a hierarchal disclosure framework associated with the level of pricing observability utilized in measuring financial instruments at fair

Notes to Consolidated Financial Statements

value. The three broad levels of the hierarchy are as follows:

Level I—Quoted prices are available in active markets for identical assets or liabilities as of the reported date. The type of financial instruments included in Level I are highly liquid cash instruments with quoted prices, such as listed equities and money market securities, as well as listed derivative instruments.

Level II—Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reported date. The nature of these financial instruments includes cash instruments for which quoted prices are available but traded less frequently, derivative instruments whose fair value has been derived using a model where inputs to the model are directly observable in the market or can be derived principally from or corroborated by observable market data, and instruments that are fair valued using other financial instruments, the parameters of which can be directly observed. Instruments that are generally included in this category are G-7 government, agency securities, corporate bonds and loans, mortgage whole loans, municipal bonds and over the counter ("OTC") derivatives.

Level III—These instruments have little to no pricing observability as of the reported date. These financial instruments do not have two-way markets and are measured using management's best estimate of fair value, where the inputs into the determination of fair value require significant management judgment or estimation. Instruments that are included in this category generally include certain commercial mortgage loans, certain private equity investments, distressed debt, and noninvestment grade residual interests in securitizations as well as certain highly structured OTC derivative contracts.

CASH AND CASH EQUIVALENTS

For purposes of reporting cash flows, cash equivalents include highly liquid assets with an original maturity of three months or less. Highly liquid assets include cash and due from banks, federal funds sold and certificates of deposit.

INVESTMENT SECURITIES

Debt securities that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity and reported at amortized cost; debt securities that are bought and held principally for the purpose of selling are classified as trading and reported at fair value, with unrealized gains and losses included in earnings; and debt securities not classified as either held-to-maturity or trading are classified as available-for-sale and reported at fair value, with unrealized gains and losses excluded from earnings and reported as a separate component of stockholders' equity, net of estimated related income taxes. Equity securities are reported at fair value with unrealized gains and losses included in earnings. The Company has no securities held for trading.

Premiums and discounts on investment securities are amortized or accreted into income by use of the level-yield method. Gains and losses on the sale of investment securities are recognized on the trade date on a specific identification basis.

Management also considers the Company's capital adequacy, interest-rate risk, liquidity, and business plans in assessing whether it is more likely than not that the Company will sell or be required to sell the investment securities before recovery. Other-than-temporary-impairment (OTTI) arises when a security's fair value is less than its amortized cost and, based on specific factors, the loss is considered OTTI. If the Company determines that a decline in fair value is OTTI and that it is more likely than not that the Company will not sell or be required to sell the investment security before recovery of its amortized cost, the credit portion of the impairment loss is recognized in the Company's consolidated statement of income and the noncredit portion is recognized in accumulated other comprehensive income. The credit portion of the OTTI impairment represents the difference between the amortized cost and the present value of the expected future cash flows of the investment security. If the Company determines that a decline in fair value is OTTI and it is more likely than not that it will sell or be required to sell the investment security before recovery of its amortized cost, the entire difference between the amortized cost and the fair value of the security will be recognized in the Company's consolidated statement of income.

The transfer of a security between categories of investments shall be accounted for at fair value. For a debt security transferred into the held-to-maturity category from the available-for-sale category, the unrealized holding gain or loss at the date of the transfer shall continue to be reported in a separate component of shareholders' equity but shall be amortized over the remaining life of the security as an adjustment of yield in a manner consistent with the amortization of any premium or discount. The amortization of an unrealized holding gain, or loss reported in equity will offset or mitigate the effect on interest income of the amortization of the premium or discount for that held-to-maturity security.

The sale of a security held-to-maturity may occur after a substantial portion (at least 85%) of the principal outstanding at acquisition has been paid. This may be due either to prepayments on the debt security or to scheduled payments on the debt security that is payable in equal installments over its term. For variable rate securities, the scheduled payments need not be equal.

FEDERAL HOME LOAN BANK STOCK

The Bank, as a member of the Federal Home Loan Bank of Boston ("FHLBB"), is required to maintain an investment in capital stock of the FHLBB. Based on redemption provisions, the stock has no quoted market value and is carried at cost. At its discretion, the FHLBB may declare dividends on the stock. The Company reviews for impairment based on the ultimate recoverability of the cost basis of the stock. As of December 31, 2020, no impairment has been recognized.

LOANS HELD FOR SALE

Loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income.

LOANS

Loans are stated at the principal amount outstanding, net of amounts charged off, unamortized premiums or discounts, and deferred loan fees or costs. Interest on loans is recognized based on the daily principal amount outstanding. Accrual of interest is discontinued when loans become ninety days delinquent unless the collateral is sufficient to cover both principal and interest and the loan is in the process of collection. Past-due status is based on contractual terms of the loan. Loans, including impaired loans, on which the accrual of interest has been discontinued, are designated nonaccrual loans. When a loan is placed on nonaccrual, all income that has been accrued but remains unpaid is reversed against current period income, and all amortization of deferred loan costs and fees is discontinued. Nonaccrual loans may be returned to an accrual status when principal and interest payments are not delinquent, or the risk characteristics of the loan have improved to the extent that there no longer exists a concern as to the collectibility of principal and interest. Income received on nonaccrual loans is either recorded in income or applied to the principal balance of the loan, depending on management's evaluation as to the collectibility of principal.

Loan origination fees and related direct loan origination costs are offset, and the resulting net amount is deferred and amortized over the life of the related loans using the level-yield method. Prepayments are not initially considered when amortizing premiums and discounts.

The Bank measures impairment for impaired loans at either the fair value of the loan, the present value of the expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral if the loan is collateral dependent. This method applies to all loans, uncollateralized as well as collateralized, except large groups of smaller-balance homogeneous loans such as residential real estate and consumer loans that are collectively evaluated for impairment. For collateral dependent loans, the amount of the recorded investment in a loan that exceeds the fair value of the collateral is charged-off against the allowance for loan losses in lieu of an allocation of a specific allowance when such an amount has been identified definitively as

Notes to Consolidated Financial Statements

uncollectible. Management considers the payment status, net worth and earnings potential of the borrower, and the value and cash flow of the collateral as factors to determine if a loan will be paid in accordance with its contractual terms. Management does not set any minimum delay of payments as a factor in reviewing for impaired classification. Loans are charged-off when management believes that the collectibility of the loan's principal is not probable. The specific factors that management considers in making the determination that the collectibility of the loan's principal is not probable include the delinquency status of the loan, the fair value of the collateral, if secured, and the financial strength of the borrower and/or guarantors. In addition, criteria for classification of a loan as in-substance foreclosure has been modified so that such classification need be made only when a lender is in possession of the collateral. The Bank measures the impairment of troubled debt restructurings using the pre-modification effective rate of interest.

TRANSFERS OF FINANCIAL ASSETS

Transfers of financial assets, typically residential mortgages, and loan participations for the Company, are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets.

ACQUIRED LOANS

In accordance with FASB ASC 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality* (formerly Statement of Position ("SOP") No. 03-3, "Accounting for Certain Loans or Debt Securities Acquired in a Transfer") the Company reviews acquired loans for differences between contractual cash flows and cash flows expected to be collected from the Company's initial investment in the acquired loans to determine if those differences are attributable, at least in part, to credit quality. If those differences are attributable to credit quality, the loan's contractually required payments received in excess of the amount of its cash flows expected at acquisition, or nonaccretable discount, is not accreted into income. FASB ASC 310-30 requires that the Company recognize the excess of all cash flows expected at acquisition over the Company's initial investment in the loan as interest income using the interest method over the term of the loan. This excess is referred to as accretable discount and is recorded as a reduction of the loan balance.

Loans which, at acquisition, do not have evidence of deterioration of credit quality since origination are outside the scope of FASB ASC 310-30. For such loans, the discount, if any, representing the excess of the amount of reasonably estimable and probable discounted future cash collections over the purchase price, is accreted into interest income using the interest method over the term of the loan. Prepayments are not considered in the calculation of accretion income. Additionally, the discount is not accreted on nonperforming loans.

When a loan is paid off, the excess of any cash received over the net investment is recorded as interest income. In addition to the amount of purchase discount that is recognized at that time, income may include interest owed by the borrower prior to the Company's acquisition of the loan, interest collected if on nonperforming status, prepayment fees and other loan fees.

NONPERFORMING ASSETS

In addition to nonperforming loans, nonperforming assets include other real estate owned. Other real estate owned is comprised of properties acquired through foreclosure or acceptance of a deed in lieu of foreclosure. Other real estate owned is recorded initially at the lower of cost or the estimated fair value less costs to sell. When such assets are acquired, the excess of the loan balance over the estimated fair value of the asset is charged to the allowance for loan losses. An allowance for losses on other real estate owned is established by a charge to earnings when, upon periodic evaluation by management, further declines in the estimated fair value of properties have occurred.

Such evaluations are based on an analysis of individual properties as well as a general assessment of current real estate market conditions. Holding costs and rental income on properties are included in current operations, while certain costs to improve such properties are capitalized. Gains and losses from the sale of other real estate owned are reflected in earnings when realized.

ALLOWANCE FOR LOAN LOSSES

The allowance for loan losses is based on management's evaluation of the quality of the loan portfolio and is used to provide for losses resulting from loans that ultimately prove uncollectible. The components of the allowance for loan losses represent estimates based upon Accounting Standards Codification ("ASC") Topic 450, contingencies, and ASC Topic 310 Receivables. ASC Topic 450 applies to homogenous loan pools such as consumer installment, residential mortgages, consumer lines of credit and commercial loans that are not individually evaluated for impairment under ASC Topic 310. In determining the level of the allowance, periodic evaluations are made of the loan portfolio, which takes into account factors such as the characteristics of the loans, loan status, financial strength of the borrowers, value of collateral securing the loans and other relevant information sufficient to reach an informed judgment. The allowance is increased by provisions charged to income and reduced by loan charge-offs, net of recoveries. Management maintains an allowance for loan losses to absorb losses inherent in the loan portfolio. The allowance is based on assessments of the probable estimated losses inherent in the loan portfolio. Management's methodology for assessing the appropriateness of the allowance consists of several key elements, which include the specific allowances, if appropriate, for identified problem loans, formula allowance, and possibly an unallocated allowance. Arriving at an appropriate level of allowance for loan losses necessarily involves a high degree of judgment.

While management uses available information in establishing the allowance for loan losses, future adjustments to the allowance may be necessary if economic conditions differ substantially from the assumptions used in making the evaluations. Loans are charged-off in whole or in part when, in management's opinion, collectibility is not probable. The specific factors that management considers in making the determination that the collectibility of the loan's principal is not probable include the delinquency status of the loan, the fair value of the collateral and the financial strength of the borrower and/or guarantors.

Under ASC Topic 310, a loan is impaired, based upon current information and in management's opinion, when it is probable that the loan will not be repaid according to its original contractual terms, including both principal and interest, or if a loan is designated as a Troubled Debt Restructuring ("TDR"). Specific allowances for loan losses entail the assignment of allowance amounts to individual loans on the basis of loan impairment. Under this method, loans are selected for evaluation based upon a change in internal risk rating, occurrence of delinquency, loan classification or nonaccrual status. A specific allowance amount is allocated to an individual loan when such loan has been deemed impaired and when the amount of a probable loss is able to be estimated on the basis of: (a) present value of anticipated future cash flows, (b) the loan's observable fair market price or (c) fair value of collateral if the loan is collateral dependent. For collateral dependent loans, the amount of the recorded investment in a loan that exceeds the fair value of the collateral is charged-off against the allowance for loan losses in lieu of an allocation of a specific allowance when such an amount has been identified definitively as uncollectible.

In estimating probable loan loss under ASC Topic 450, management considers numerous factors, including historical charge-offs and subsequent recoveries. The formula allowances are based on evaluations of homogenous loans to determine the allocation appropriate within each portfolio segment. Formula allowances are based on internal risk ratings or credit ratings from external sources. Individual loans within the commercial and industrial, commercial real estate and real estate construction loan portfolio segments are assigned internal risk ratings to group them with other loans possessing similar risk characteristics. Changes in risk grades affect the amount of the formula allowance. Risk grades are determined by reviewing current collateral value, financial information, cash flow, payment history and other relevant facts surrounding the particular credit. On these loans, the formula allowances are based on the risk ratings, the historical loss experience, and the loss emergence period. Historical loss data and loss emergence periods are developed based on the Company's historical experience. For larger loans with available external credit ratings, these ratings are utilized rather than the Company's risk ratings. The historical loss factor and loss emergence periods for these loans are based on data published by the rating agencies for similar credits as the Company has limited internal historical data. For the residential real estate and consumer loan portfolios, the formula allowances are calculated by applying historical loss experience and the loss emergence period to the outstanding balance in each loan category. Loss factors and loss emergence periods are based on the Company's historical net loss experience.

Additional allowances are added to portfolio segments based on qualitative factors. Management considers potential factors identified in regulatory guidance. Management has identified certain qualitative factors, which could impact the degree of loss sustained within the portfolio. These include market risk factors and unique portfolio risk factors that are inherent characteristics of the Company's loan portfolio. Market risk factors may consist of changes to general economic and business conditions, such as unemployment and GDP that may impact the Company's loan portfolio customer base in terms of ability to repay and that may result in changes in value of underlying collateral. Unique portfolio risk factors may include the outlooks for business segments in which the Company's borrowers operate and loan size. The potential ranges for qualitative factors are based on historical volatility in losses. The actual amount utilized is based on management's assessment of current conditions.

After considering the above components, an unallocated component may be generated to cover uncertainties that could affect management's estimate of probable losses. These uncertainties include the effects of loans in new geographical areas and new industries. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating allocated and general reserves in the portfolio.

BANK PREMISES AND EQUIPMENT

Bank premises and equipment are stated at cost less accumulated depreciation and amortization. Land is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets or the terms of leases, if shorter. It is general practice to charge the cost of maintenance and repairs to operations when incurred; major expenditures for improvements are capitalized and depreciated.

GOODWILL AND IDENTIFIABLE INTANGIBLE ASSETS

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired. Goodwill is not subject to amortization. Identifiable intangible assets consist of core deposit intangibles and are assets resulting from acquisitions that are being amortized over their estimated useful lives. Goodwill and identifiable intangible assets are included in other assets on the consolidated balance sheets. The Company tests goodwill for impairment on an annual basis, or more often if events or circumstances indicate there may be impairment. Goodwill impairment testing is performed at the segment (or "reporting unit") level. Currently, the Company's goodwill is evaluated at the entity level as there is only one reporting unit. Goodwill is assigned to reporting units at the date the goodwill is initially recorded. Once goodwill has been assigned to reporting units, it no longer retains its association with a particular acquisition, and all of the activities within a reporting unit, whether acquired or organically grown, are available to support the value of the goodwill.

Goodwill impairment is evaluated by first assessing qualitative factors (events and circumstances) to determine whether it is more likely than not (meaning a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount. If, after considering all relevant events and circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the quantitative impairment test will be unnecessary.

The quantitative impairment test, used to identify potential impairment, involves comparing each reporting unit's fair value to its carrying value including goodwill. If the fair value of a reporting unit exceeds its carrying value, applicable goodwill is considered not to be impaired. If the carrying value exceeds fair value, the difference is recorded as impairment.

SERVICING

The Company services mortgage loans for others. Mortgage servicing assets are recognized as separate assets when rights are acquired through purchase or through sale of financial assets. Fair value is determined using prices for similar assets with similar characteristics, when available, or based upon discounted cash flows using market-based assumptions. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income, such as the cost to service, the discount rate, an inflation rate, ancillary income, prepayment speeds and default rates and losses. Capitalized servicing rights are reported in other assets and are amortized into loan servicing fee income in proportion to, and over the period of, the estimated future net servicing income of the underlying financial assets. Servicing assets are evaluated for impairment based upon the fair value of the rights as compared to amortized cost. Impairment is determined by stratifying rights by predominant risk characteristics, such as interest rates and terms. Impairment is recognized through a valuation allowance for an individual stratum, to the extent that fair value is less than the capitalized amount for the stratum. Changes in the valuation allowance are reported in loan servicing fee income.

INCOME TAXES

The Company uses the asset and liability method in accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. Under this method, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company accounts for uncertain tax positions in accordance with FASB ASC 740.

The Company classifies interest resulting from underpayment of income taxes as income tax expense in the first period the interest would begin accruing according to the provisions of the relevant tax law.

The Company classifies penalties resulting from underpayment of income taxes as income tax expense in the period for which the Company claims or expects to claim an uncertain tax position or in the period in which the Company's judgment changes regarding an uncertain tax position.

Also, for tax years beginning after December 31, 2017, the corporate Alternative Minimum Tax ("AMT") has been repealed. For 2018 through 2021, the AMT credit carryforward can offset regular tax liability and is refundable in an amount equal to 50% (100% for 2021) of the excess of the minimum tax credit for the tax year over the amount of the credit allowable for the year against regular tax liability. On March 27, 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law. As a result of the CARES Act, the full balance of the AMT credit was refunded during 2020. The Tax Act also contains other provisions that may affect the Company currently or in future years. Among these are changes to the deductibility of meals and entertainment, the deductibility of executive compensation, the dividend received deduction and net operating loss carryforwards. Tax Act changes for individuals include lower tax rates, mortgage interest and state and local tax limitations as well as an increase in the standard deduction, among others.

Notes to Consolidated Financial Statements

EARNINGS PER SHARE ("EPS")

Class A and Class B shares participate equally in undistributed earnings. Under the Company's Articles of Organization, the holders of Class A Common Stock are entitled to receive dividends per share equal to at least 200% of dividends paid, if any, from time to time, on each share of Class B Common Stock.

Diluted EPS includes the dilutive effect of common stock equivalents; basic EPS excludes all common stock equivalents.

The Company utilizes the two class method for reporting EPS. The two-class method is an earnings allocation formula that treats Class A and Class B shares as having rights to earnings that otherwise would have been available only to Class A shareholders and Class B shareholders as if converted to Class A shares.

PENSION

The Company provides pension benefits to certain of its employees under a noncontributory, defined benefit plan, which is funded on a current basis in compliance with the requirements of the Employee Retirement Income Security Act of 1974 ("ERISA") and recognizes costs over the estimated employee service period.

The Company also has a Supplemental Executive Insurance/Retirement Plan ("the Supplemental Plan"), which is limited to certain officers and employees of the Company. The Supplemental Plan is accrued on a current basis and recognizes costs over the estimated employee service period.

Executive officers of the Company or its subsidiaries who have at least one year of service may participate in the Supplemental Plan. The Supplemental Plan is voluntary. Individual life insurance policies, which are owned by the Company, are purchased covering the life of each participant.

Prior to December 31, 2019, the Company utilized a full yield curve approach in the estimation of the service and interest components by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the underlying projected cash flows.

Effective December 31, 2019, the discount rate is determined by preparing an analysis of the respective plan's expected future cash flows and high-quality fixed-income investments currently available and expected to be available during the period to maturity of the benefits.

LEASING

A right-of-use (ROU) asset and corresponding lease liability is recognized at the lease commencement date when the Company is a lessee. ROU lease assets are included in other assets on the consolidated balance sheet. A ROU asset reflects the present value of the future minimum lease payments adjusted for any initial direct costs, incentives, or other payments prior to the lease commencement date. A lease liability represents a legal obligation to make lease payments and is determined by the present value of the future minimum lease payments discounted using the rate implicit in the lease, or the Company's incremental borrowing rate. Variable lease payments that are dependent on an index, or rate, are initially measured using the index or rate at the commencement date and are included in the measurement of the lease liability. Renewal options are not included as part of the ROU asset or lease liability unless the option is deemed reasonably certain to exercise.

For real estate leases, lease components and non-lease components are accounted for as a single lease component. Operating lease expense is comprised of operating lease costs and variable lease costs, net of sublease income, and is reflected as part of occupancy within non-interest expense in the consolidated statement of income. Operating lease expense is recorded on a straight-line basis. Refer to Note 23: Leasing for further information.

RECENT ACCOUNTING DEVELOPMENTS

Recently Adopted Accounting Standards Updates

In August 2018, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-15, Intangibles-Goodwill and Other-

Notes to Consolidated Financial Statements

Internal Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract (a consensus of the FASB Emerging Issues Task Force). The amendments in this ASU align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal use software license). This ASU is effective for annual reporting periods beginning after December 15, 2019. The effect of this ASU did not have a material impact on the Company's consolidated financial position.

In August 2018, FASB issued ASU 2018-13, Fair Value Measurement (Topic 820), Disclosure Framework-Changes to the Disclosure Requirements for Fair Value. The amendments in this ASU modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement, based on the concepts in the Concepts Statement, including the consideration of costs and benefits. This ASU is effective for annual reporting periods beginning after December 15, 2019. The effect of this update did not have a material impact on the Company's disclosures.

In January 2017, the FASB issued ASU 2017-04, Intangibles—Goodwill and Other (Topic 350). This ASU was issued to simplify the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. For public entities, this ASU is effective for the fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted, and application should be on a prospective basis. The effect of this update did not have a material impact on the Company's consolidated financial position.

Securities and Exchange Commission (SEC) Ruling:

In August 2018, the SEC issued a final rule that amends certain of the Commission's disclosure requirements "that have become redundant, duplicative, overlapping, outdated, or superseded, in light of other Commission disclosure requirements, U.S. GAAP, or changes in the information environment." The financial reporting implications of the final rule's amendments may vary by company, but the changes are generally expected to reduce or eliminate some of an SEC registrant's disclosure requirements. In limited circumstances, however, the amendments may expand those requirements, including those related to interim disclosures about changes in stockholders' equity. Under the requirements, registrants must now analyze changes in stockholders' equity, in the form of a reconciliation, for "the current and comparative year-to-date periods, with subtotals for each interim period." Beginning with its March 31, 2019 filing, the Company included a reconciliation for the current quarter and year-to-date interim periods as well as the comparative periods of the prior years (i.e., a reconciliation covering each period for which an income statement is presented).

2. Cash and Due from Banks

The Company is required to maintain a portion of its cash and due from banks as a reserve balance under the Federal Reserve Act. Such reserve is calculated based upon deposit levels and amounted to $0 at December 31, 2020, and $0 at December 31, 2019.

Notes to Consolidated Financial Statements

3. Securities Available-for-Sale

(dollars in thousands)	December 31, 2020 Amortized Cost	December 31, 2020 Gross Unrealized Gains	December 31, 2020 Gross Unrealized Losses	December 31, 2020 Estimated Fair Value	December 31, 2019 Amortized Cost	December 31, 2019 Gross Unrealized Gains	December 31, 2019 Gross Unrealized Losses	December 31, 2019 Estimated Fair Value
SBA Backed Securities	**$ 44,328**	**$ —**	**$ 289**	**$ 44,039**	$ 54,331	$ 23	$ 143	$ 54,211
U.S. Government Agency and Sponsored Enterprises Mortgage-Backed Securities	**177,239**	**819**	**317**	**177,741**	184,580	139	532	184,187
Privately Issued Residential Mortgage-Backed Securities	**330**	**2**	**4**	**328**	397	1	2	396
Obligations Issued by States and Political Subdivisions	**52,276**	**—**	**—**	**52,276**	18,016	60	—	18,076
Other Debt Securities	**8,100**	**24**	**60**	**8,064**	3,600	51	19	3,632
Total	**$ 282,273**	**$ 845**	**$ 670**	**$ 282,448**	$ 260,924	$ 274	$ 696	$ 260,502

Included in SBA Backed Securities and U.S. Government Agency and Sponsored Enterprises Mortgage-Backed Securities are securities at fair value pledged to secure public deposits and repurchase agreements amounting to $183,269,000 and $186,245,000 at December 31, 2020 and 2019, respectively. Also included in securities available-for-sale at fair value are securities pledged for borrowing at the Federal Home Loan Bank amounting to $29,885,000 and $32,297,000 at December 31, 2020 and 2019, respectively. The Company did not realize any gains on sales of securities for the year ended December 31, 2020. The Company realized gains of $13,000 and $302,000 from the proceeds of sales of available-for-sale securities of $16,285,000 and $27,517,000 for the years ended December 31, 2019, and 2018, respectively.

Debt securities of U.S. Government Agency and Sponsored Enterprises Mortgage-Backed Securities primarily refer to debt securities of Fannie Mae and Freddie Mac.

The following table shows the estimated maturity distribution of the Company's securities available-for-sale at December 31, 2020.

(dollars in thousands)	Amortized Cost	Fair Value
Within one year	**$ 52,501**	**$ 52,497**
After one but within five years	**114,877**	**115,236**
After five but within ten years	**97,911**	**97,880**
More than ten years	**16,984**	**16,835**
Total	**$ 282,273**	**$ 282,448**

The weighted average remaining life of investment securities available-for-sale at December 31, 2020, was 4.7 years. The contractual maturities, which were used in the table above, of mortgage-backed securities, will differ from the actual maturities due to the ability of the issuers to prepay underlying obligations. Also, $222,696,000 of the securities are floating rate or adjustable rate and reprice prior to maturity.

Notes to Consolidated Financial Statements

As of December 31, 2020 and December 31, 2019, management concluded that the unrealized losses of its investment securities are temporary in nature since they are not related to the underlying credit quality of the issuers, and the Company does not intend to sell these debt securities and it is not more likely than not that it will be required to sell these debt securities before the anticipated recovery of its remaining amortized cost. In making its other-than-temporary impairment evaluation, the Company considered the fact that the principal and interest on these securities are from issuers that are investment grade. The change in the unrealized losses on the Obligations Issued by States and Political Subdivisions, Privately Issued Residential Mortgage-Backed Securities and Other Debt Securities was primarily caused by changes in credit spreads and liquidity issues in the marketplace.

The unrealized loss on SBA Backed Securities and U.S. Government Agency and Sponsored Enterprises Mortgage-Backed Securities related primarily to interest rates and not credit quality. The Company has the ability and intent to hold these investments until recovery of fair value, which may be maturity. The Company does not consider these investments to be other-than-temporarily impaired at December 31, 2020 and December 31, 2019.

In evaluating the underlying credit quality of a security, management considers several factors such as the credit rating of the obligor and the issuer, if applicable. Internal reviews of issuer financial statements are performed as deemed necessary. In the case of privately issued mortgage-backed securities, the performance of the underlying loans is analyzed as deemed necessary to determine the estimated future cash flows of the securities. Factors considered include the level of subordination, current and estimated future default rates, current and estimated prepayment rates, estimated loss severity rates, geographic concentrations, and origination dates of underlying loans.

The following table shows the temporarily impaired securities of the Company’s available-for-sale portfolio at December 31, 2020. This table shows the unrealized market loss of securities that have been in a continuous unrealized loss position for 12 months or less and a continuous loss position for 12 months and longer. There are 13 and 21 securities that are temporarily impaired for less than 12 months and for 12 months or longer, respectively, out of a total of 153 holdings at December 31, 2020.

Temporarily Impaired Investments	December 31, 2020					
	Less Than 12 Months		12 Months or Longer		Total	
(dollars in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
SBA Backed Securities	$ 13,839	$ 42	$ 30,200	$ 247	$ 44,039	$ 289
U.S. Government Agency and Sponsored Enterprise Mortgage-Backed Securities	18,188	50	33,617	267	51,805	317
Privately Issued Residential Mortgage-Backed Securities	—	—	210	4	210	4
Obligations Issued by States and Political Subdivisions	—	—	—	—	—	—
Other Debt Securities	3,942	58	1,298	2	5,240	60
Total temporarily impaired securities	$ 35,969	$ 150	$ 65,325	$ 520	$ 101,294	$ 670

Notes to Consolidated Financial Statements

The following table shows the temporarily impaired securities of the Company's available-for-sale portfolio at December 31, 2019. This table shows the unrealized market loss of securities that have been in a continuous unrealized loss position for 12 months or less and a continuous loss position for 12 months and longer. There are 10 and 30 securities that are temporarily impaired for less than 12 months and for 12 months or longer, respectively, out of a total of 190 holdings at December 31, 2019.

Temporarily Impaired Investments	December 31, 2019					
	Less Than 12 Months		12 Months or Longer		Total	
(dollars in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
SBA Backed Securities	$ 14,560	$ 30	$ 22,092	$ 113	$ 36,652	$ 143
U.S. Government Agency and Sponsored Enterprise Mortgage-Backed Securities	108,806	379	29,178	153	137,984	532
Privately Issued Residential Mortgage-Backed Securities	252	2	—	—	252	2
Obligations Issued by States and Political Subdivisions	—	—	—	—	—	—
Other Debt Securities	800	1	481	18	1,281	19
Total temporarily impaired securities	$124,418	$ 412	$ 51,751	$ 284	$176,169	$ 696

4. Investment Securities Held-to-Maturity

	December 31, 2020				December 31, 2019			
(dollars in thousands)	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Estimated Fair Value**	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Government Sponsored Enterprises	**$ 244,220**	**$ 389**	**$ 866**	**$ 243,743**	$ 98,867	$ 527	$ 96	$ 99,298
SBA Backed Securities	**37,783**	**2,002**	**—**	**39,785**	44,379	182	303	44,258
U.S. Government Sponsored Enterprises Mortgage-Backed Securities	**2,227,085**	**69,522**	**1,032**	**2,295,575**	2,207,874	20,720	10,846	2,217,748
Total	**$2,509,088**	**$ 71,913**	**$ 1,898**	**$2,579,103**	$2,351,120	$ 21,429	$ 11,245	$2,361,304

Included in U.S. Government Sponsored Enterprises and U.S. Government Sponsored Enterprise Mortgage-Backed Securities are securities pledged to secure public deposits and repurchase agreements at fair value amounting to $1,866,989,000 and $1,776,399,000 at December 31, 2020, and 2019, respectively. Also included are securities pledged for borrowing at the Federal Home Loan Bank at fair value amounting to $537,367,000 and $399,646,000 at December 31, 2020, and 2019, respectively. The Company did not realize any gains of sales of securities for the year ending December 31, 2020. The Company realized gains on sales of securities of $48,000 from the proceeds of sales of held-to-maturity securities of $1,193,000 for the year ending December 31, 2019. The sales from securities held-to-maturity relate to certain mortgage-backed securities for which the Company had previously collected a substantial portion of its principle investment. The Company did not realize any gains of sales of securities for the year ending December 31, 2018.

Notes to Consolidated Financial Statements

At December 31, 2020 and 2019, all mortgage-backed securities are obligations of U.S. Government Sponsored Enterprises. Government Sponsored Enterprises primarily refer to debt securities of Fannie Mae and Freddie Mac.

The following table shows the maturity distribution of the Company’s securities held-to-maturity at December 31, 2020.

(dollars in thousands)	Amortized Cost	Fair Value
Within one year	$ 79,572	$ 80,175
After one but within five years	1,870,589	1,927,961
After five but within ten years	555,932	567,577
More than ten years	2,995	3,390
Total	$ 2,509,088	$ 2,579,103

The weighted average remaining life of investment securities held-to-maturity at December 31, 2020, was 3.9 years. Included in the weighted average remaining life calculation at December 31, 2020, were $218,730,000 of U.S. Government Sponsored Enterprises obligations that are callable at the discretion of the issuer. The contractual maturities, which were used in the table above, of mortgage-backed securities, will differ from the actual maturities due to the ability of the issuers to prepay underlying obligations. Also, $85,000 of the securities are floating rate or adjustable rate and reprice prior to maturity.

As of December 31, 2020 and December 31, 2019, management concluded that the unrealized losses of its investment securities are temporary in nature since they are not related to the underlying credit quality of the issuers, and the Company does not intend to sell these debt securities and it is not more likely than not that it will be required to sell these debt securities before the anticipated recovery of their remaining amortized costs. In making its other-than-temporary impairment evaluation, the Company considered the fact that the principal and interest on these securities are from issuers that are investment grade.

The unrealized loss on U.S. Government Sponsored Enterprises, SBA Backed Securities and U.S. Government Sponsored Enterprises Mortgage-Backed Securities related primarily to interest rates and not credit quality, and because the Company does not intend to sell any of these securities and it is not more likely than not that it will be required to sell these securities before the anticipated recovery of the remaining amortized cost, the Company does not consider these investments to be other-than-temporarily impaired at December 31, 2020 and December 31, 2019.

In evaluating the underlying credit quality of a security, management considers several factors such as the credit rating of the obligor and the issuer, if applicable. Internal reviews of issuer financial statements are performed as deemed necessary.

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The following table shows the temporarily impaired securities of the Company's held-to-maturity portfolio at December 31, 2020. This table shows the unrealized market loss of securities that have been in a continuous unrealized loss position for 12 months or less and a continuous loss position for 12 months and longer. There are 53 and 0 securities that are temporarily impaired for less than 12 months and for 12 months or longer, respectively, out of a total of 600 holdings at December 31, 2020.

Temporarily Impaired Investments	December 31, 2020					
	Less Than 12 Months		12 Months or Longer		Total	
(dollars in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Government Sponsored Enterprises	**$162,870**	**$ 866**	**$ —**	**$ —**	**$162,870**	**$ 866**
SBA Backed Securities	**—**	**—**	**—**	**—**	**—**	**—**
U.S. Government Agency and Sponsored Enterprise Mortgage-Backed Securities	**302,401**	**1,032**	**—**	**—**	**302,401**	**1,032**
Total temporarily impaired securities	**$465,271**	**$ 1,898**	**$ —**	**$ —**	**$465,271**	**$ 1,898**

The following table shows the temporarily impaired securities of the Company's held-to-maturity portfolio at December 31 , 2019 . This table shows the unrealized market loss of securities that have been in a continuous unrealized loss position for 12 months or less and a continuous loss position for 12 months and longer.

There are 56 and 315 securities that are temporarily impaired for less than 12 months and for 12 months or longer, respectively, out of a total of 475 holdings at December 31, 2019.

Temporarily Impaired Investments	December 31, 2019					
	Less Than 12 Months		12 Months or Longer		Total	
(dollars in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Government Sponsored Enterprises	$ 24,420	$ 72	$ 9,976	$ 24	$ 34,396	$ 96
SBA Backed Securities	25,251	303	—	—	25,251	303
U.S. Government Agency and Sponsored Enterprise Mortgage-Backed Securities	613,905	3,949	389,919	6,897	1,003,824	10,846
Total temporarily impaired securities	$ 663,576	$ 4,324	$ 399,895	$ 6,921	$ 1,063,471	$ 11,245

5. Loans

The majority of the Bank's lending activities are conducted in Massachusetts with other lending activity principally in New Hampshire, Rhode Island, Connecticut, New York, Virginia, Washington DC, and Pennsylvania. The Bank originates construction, commercial and residential real estate loans, commercial and industrial loans, municipal loans, consumer, home equity and other loans for its portfolio.

Notes to Consolidated Financial Statements

The following summary shows the composition of the loan portfolio at the dates indicated.

December 31, (dollars in thousands)	2020	2019
Construction and land development	**$ 10,909**	$ 8,992
Commercial and industrial	**1,314,245**	812,417
Municipal	**137,607**	120,455
Commercial real estate	**789,836**	786,102
Residential real estate	**448,436**	371,897
Consumer	**20,007**	21,071
Home equity	**274,357**	304,363
Overdrafts	**432**	822
Total	**$ 2,995,829**	$ 2,426,119

At December 31, 2020, and December 31, 2019, loans were carried net of (premiums) discounts of $(74,000) and $(292,000), respectively. Net deferred fees included in loans at December 31, 2020, and December 31, 2019, were $4,444,000 and $220,000, respectively.

The Company was servicing mortgage loans sold to others without recourse of approximately $125,998,000 and $204,690,000 at December 31, 2020, and December 31, 2019, respectively. The Company had no residential real estate loans held for sale at December 31, 2020 and December 31, 2019. The Company's mortgage servicing rights totaled $773,000 and $1,202,000 at December 31, 2020 and December 31, 2019, respectively and are classified in other assets on the consolidated balance sheets.

As of December 31, 2020, and 2019, the Company's recorded investment in impaired loans was $5,379,000 and $3,252,000, respectively. If an impaired loan is placed on nonaccrual, the loan may be returned to an accrual status when principal and interest payments are not delinquent, and the risk characteristics have improved to the extent that there no longer exists a concern as to the collectibility of principal and interest. At December 31, 2020, there were $5,103,000 of impaired loans with specific reserves of $589,000. At December 31, 2019, there were $2,322,000 of impaired loans with specific reserves of $102,000.

Loans are designated as troubled debt restructures when a concession is made on a credit as a result of financial difficulties of the borrower. Typically, such concessions consist of a reduction in interest rate to a below-market rate, taking into account the credit quality of the note, or a deferment of payments, principal or interest, which materially alters the Bank's position or significantly extends the note's maturity date, such that the present value of cash flows to be received is materially less than those contractually established at the loan's origination. With the exception of COVID-19 loan modifications, as described in Note 6, restructured loans are included in the impaired loan category.

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The composition of nonaccrual loans and impaired loans is as follows:

December 31, (dollars in thousands)	**2020**	2019	2018
Loans on nonaccrual	**$ 3,996**	$2,014	$1,313
Loans 90 days past due and still accruing	**90**	—	—
Impaired loans on nonaccrual included above	**3,178**	891	296
Total recorded investment in impaired loans	**5,379**	3,252	3,051
Average recorded investment of impaired loans	**3,641**	3,161	5,491
Accruing troubled debt restructures	**2,202**	2,361	2,559
Interest income not recorded on nonaccrual loans according to their original terms	**95**	67	64
Interest income on nonaccrual loans actually recorded	**—**	—	—
Interest income recognized on impaired loans	**94**	103	196

Directors and officers of the Company and their associates are customers of, and have other transactions with, the Company in the normal course of business. All loans and commitments included in such transactions were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and do not involve more than normal risk of collection or present other unfavorable features.

The following table shows the aggregate amount of loans to directors and officers of the Company and their associates during 2020.

Balance at December 31, 2019 (dollars in thousands)	Additions	Repayments and Deletions	**Balance at December 31, 2020**
$12,031	$6,340	$2,389	**$15,982**

6. Allowance for Loan Losses

The Company maintains an allowance for loan losses in an amount determined by management on the basis of the character of the loans, loan performance, financial condition of borrowers, the value of collateral securing loans and other relevant factors. The following table summarizes the changes in the Company's allowance for loan losses for the years indicated.

An analysis of the allowance for loan losses for each of the three years ending December 31, 2020, 2019 and 2018 is as follows:

(dollars in thousands)	**2020**	2019	2018
Allowance for loan losses, beginning of year	**$29,585**	$28,543	$26,255
Loans charged-off	**(238)**	(454)	(833)
Recoveries on loans previously charged-off	**314**	246	1,771
Net recoveries (charge-offs)	**76**	(208)	938
Provision charged to expense	**5,825**	1,250	1,350
Allowance for loan losses, end of year	**$35,486**	$29,585	$28,543

Notes to Consolidated Financial Statements

Further information pertaining to the allowance for loan losses at December 31, 2020 follows:

(dollars in thousands)	Construction and Land Development	Commercial and Industrial	Municipal	Commercial Real Estate	Residential Real Estate	Consumer	Home Equity	Unallocated	Total
Allowance for Loan Losses:									
Ending balance at December 31, 2019	$ 331	$ 11,596	$ 2,566	$ 11,464	$ 2,194	$ 312	$ 1,065	$ 57	$ 29,585
Charge-offs	—	(29)	—	—	—	(209)	—	—	(238)
Recoveries	—	197	—	—	—	112	5	—	314
Provision	98	4,949	238	287	(83)	26	138	172	5,825
Ending balance at December 31, 2020	$ 429	$ 16,713	$ 2,804	$ 11,751	$ 2,111	$ 241	$ 1,208	$ 229	$ 35,486
Amount of allowance for loan losses for loans deemed to be impaired	$ —	$ 140	$ —	$ 449	$ —	$ —	$ —	$ —	$ 589
Amount of allowance for loan losses for loans not deemed to be impaired	$ 429	$ 16,573	$ 2,804	$ 11,302	$ 2,111	$ 241	$ 1,208	$ 229	$ 34,897
Loans:									
Ending balance	$ 10,909	$ 1,314,245	$ 137,607	$ 789,836	$ 448,436	$ 20,439	$274,357	$ —	$ 2,995,829
Loans deemed to be impaired	$ —	$ 439	$ —	$ 4,940	$ —	$ —	$ —	$ —	$ 5,379
Loans not deemed to be impaired	$ 10,909	$ 1,313,806	$ 137,607	$ 784,896	$ 448,436	$ 20,439	$274,357	$ —	$ 2,990,450

Further information pertaining to the allowance for loan losses at December 31, 2019 follows:

(dollars in thousands)	Construction and Land Development	Commercial and Industrial	Municipal	Commercial Real Estate	Residential Real Estate	Consumer	Home Equity	Unallocated	Total
Allowance for Loan Losses:									
Ending balance at December 31, 2018	$ 1,092	$ 10,998	$ 1,838	$ 10,663	$ 2,190	$ 365	$ 1,111	$ 286	$ 28,543
Charge-offs	—	(137)	—	—	—	(295)	(22)	—	(454)
Recoveries	—	60	—	—	—	186	—	—	246
Provision	(761)	675	728	801	4	56	(24)	(229)	1,250
Ending balance at December 31, 2019	$ 331	$ 11,596	$ 2,566	$ 11,464	$ 2,194	$ 312	$ 1,065	$ 57	$ 29,585
Amount of allowance for loan losses for loans deemed to be impaired	$ —	$ 15	$ —	$ 87	$ —	$ —	$ —	$ —	$ 102
Amount of allowance for loan losses for loans not deemed to be impaired	$ 331	$ 11,581	$ 2,566	$ 11,377	$ 2,194	$ 312	$ 1,065	$ 57	$ 29,483
Loans:									
Ending balance	$ 8,992	$ 812,417	$ 120,455	$ 786,102	$ 371,897	$ 21,893	$304,363	$ —	$ 2,426,119
Loans deemed to be impaired	$ —	$ 906	$ —	$ 2,346	$ —	$ —	$ —	$ —	$ 3,252
Loans not deemed to be impaired	$ 8,992	$ 811,511	$ 120,455	$ 783,756	$ 371,897	$ 21,893	$304,363	$ —	$ 2,422,867

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CREDIT QUALITY INFORMATION

The Company utilizes a six-grade internal loan rating system for commercial real estate, construction and commercial loans as follows:

Loans rated 1-3 (Pass)—Loans in this category are considered “pass” rated loans with low to average risk.

Loans rated 4 (Monitor)—These loans represent classified loans that management is closely monitoring for credit quality. These loans have had or may have minor credit quality deterioration as of December 31, 2020.

Loans rated 5 (Substandard)—Substandard loans represent classified loans that management is closely monitoring for credit quality. These loans have had more significant credit quality deterioration as of December 31, 2020.

Loans rated 6 (Doubtful)—Doubtful loans represent classified loans that management is closely monitoring for credit quality. These loans had more significant credit quality deterioration as of December 31, 2020 and are doubtful for full collection.

Impaired—Impaired loans represent classified loans that management is closely monitoring for credit quality. A loan is classified as impaired when it is probable that the Company will be unable to collect all amounts due.

The following table presents the Company’s loans by risk rating at December 31, 2020.

(dollars in thousands)	Construction and Land Development	Commercial and Industrial	Municipal	Commercial Real Estate
Grade:				
1-3 (Pass)	**$10,909**	**$ 1,309,861**	**$ 137,607**	**$761,101**
4 (Monitor)	**—**	**3,945**	**—**	**23,795**
5 (Substandard)	**—**	**—**	**—**	**—**
6 (Doubtful)	**—**	**—**	**—**	**—**
Impaired	**—**	**439**	**—**	**4,940**
Total	**$10,909**	**$ 1,314,245**	**$ 137,607**	**$789,836**

The Company has increased its exposure to larger loans to large institutions with publicly available credit ratings. These ratings are tracked as a credit quality indicator for these loans.

The following table presents the Company’s loans by credit rating at December 31, 2020.

(dollars in thousands)	Commercial and Industrial	Municipal	Commercial Real Estate	Total
Credit Rating:				
Aaa-Aa3	**$ 710,955**	**$ 74,291**	**$ 38,035**	**$ 823,281**
A1-A3	**183,123**	**7,103**	**145,583**	**335,809**
Baa1-Baa3	**50,000**	**51,133**	**140,905**	**242,038**
Ba2	**—**	**5,080**	**—**	**5,080**
Total	**$ 944,078**	**$137,607**	**$ 324,523**	**$1,406,208**

Notes to Consolidated Financial Statements

The following table presents the Company’s loans by risk rating at December 31, 2019.

(dollars in thousands)	Construction and Land Development	Commercial and Industrial	Municipal	Commercial Real Estate
Grade:				
1-3 (Pass)	$ 8,992	$ 807,486	$ 120,455	$ 759,402
4 (Monitor)	—	4,025	—	24,354
5 (Substandard)	—	—	—	—
6 (Doubtful)	—	—	—	—
Impaired	—	906	—	2,346
Total	$ 8,992	$ 812,417	$ 120,455	$ 786,102

The following table presents the Company’s loans by credit rating at December 31, 2019.

(dollars in thousands)	Commercial and Industrial	Municipal	Commercial Real Estate	Total
Credit Rating:				
Aaa-Aa3	$ 523,644	$ 53,273	$ 40,437	$ 617,354
A1-A3	186,044	7,354	148,346	341,744
Baa1-Baa3	—	51,133	144,711	195,844
Ba2	—	5,895	—	5,895
Total	$ 709,688	$ 117,655	$ 333,494	$ 1,160,837

The Company utilized payment performance as credit quality indicators for residential real estate, consumer and overdrafts, and the home equity portfolio. The indicators are depicted in the table “aging of past-due loans,” below.

AGING OF PAST-DUE LOANS

At December 31, 2020, the aging of past due loans are as follows:

(dollars in thousands)	**Accruing 30-89 Days Past Due**	**Non Accrual**	**Accruing Greater Than 90 Days**	**Total Past Due**	**Current Loans**	**Total**
Construction and land development	**$ —**	**$ —**	**$ —**	**$ —**	**$ 10,909**	**$ 10,909**
Commercial and industrial	**56**	**297**	**90**	**443**	**1,313,802**	**1,314,245**
Municipal	**—**	**—**	**—**	**—**	**137,607**	**137,607**
Commercial real estate	**—**	**2,881**	**—**	**2,881**	**786,955**	**789,836**
Residential real estate	**390**	**527**	**—**	**917**	**447,519**	**448,436**
Consumer and overdrafts	**21**	**1**	**—**	**22**	**20,417**	**20,439**
Home equity	**1,001**	**290**	**—**	**1,291**	**273,066**	**274,357**
Total	**$ 1,468**	**$ 3,996**	**$ 90**	**$ 5,554**	**$ 2,990,275**	**$ 2,995,829**

Notes to Consolidated Financial Statements

At December 31, 2019 the aging of past due loans are as follows:

(dollars in thousands)	Accruing 30-89 Days Past Due	Non Accrual	Accruing Greater Than 90 Days	Total Past Due	Current Loans	Total
Construction and land development	$ —	$ —	$ —	$ —	$ 8,992	$ 8,992
Commercial and industrial	227	400	—	627	811,790	812,417
Municipal	—	—	—	—	120,455	120,455
Commercial real estate	840	492	—	1,332	784,770	786,102
Residential real estate	1,563	683	—	2,246	369,651	371,897
Consumer and overdrafts	18	4	—	22	21,871	21,893
Home equity	603	435	—	1,038	303,325	304,363
Total	$ 3,251	$ 2,014	$ —	$ 5,265	$ 2,420,854	$ 2,426,119

IMPAIRED LOANS

A loan is impaired when, based on current information and events, it is probable that a creditor will be unable to collect all amounts due according to the contractual terms of the loan agreement. When a loan is impaired, the Company measures impairment based on the present value of expected future cash flows discounted at the loan's effective interest rate, except that as a practical expedient, the Company measures impairment based on a loan's observable market price or the fair value of the collateral if the loan is collateral dependent. Loans are charged-off when management believes that the collectibility of the loan's principal is not probable. The specific factors that management considers in making the determination that the collectibility of the loan's principal is not probable include; the delinquency status of the loan, the fair value of the collateral, if secured, and the financial strength of the borrower and/or guarantors. For collateral dependent loans, the amount of the recorded investment in a loan that exceeds the fair value of the collateral is charged-off against the allowance for loan losses in lieu of an allocation of a specific allowance amount when such an amount has been identified definitively as uncollectible. The Company's policy for recognizing interest income on impaired loans is contained within Note 1 of the "Notes to Consolidated Financial Statements."

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The following is information pertaining to impaired loans at December 31, 2020:

(dollars in thousands)	Carrying Value	Unpaid Balance Principal	Required Reserve	Average Carrying Value Recognized	Interest Income
With no required reserve recorded:					
Construction and land development	$ —	$ —	$ —	$ —	$ —
Commercial and industrial	4	5	—	633	—
Municipal	—	—	—	—	—
Commercial real estate	272	306	—	437	—
Residential real estate	—	—	—	127	—
Consumer	—	—	—	—	—
Home equity	—	—	—	—	—
Total	$ 276	$ 311	$ —	$ 1,197	$ —
With required reserve recorded:					
Construction and land development	$ —	$ —	$ —	$ —	$ —
Commercial and industrial	435	454	140	121	8
Municipal	—	—	—	—	—
Commercial real estate	4,668	4,797	449	2,323	86
Residential real estate	—	—	—	—	—
Consumer	—	—	—	—	—
Home equity	—	—	—	—	—
Total	$ 5,103	$ 5,251	$ 589	$ 2,444	$ 94
Total					
Construction and land development	$ —	$ —	$ —	$ —	$ —
Commercial and industrial	439	459	140	754	8
Municipal	—	—	—	—	—
Commercial real estate	4,940	5,103	449	2,760	86
Residential real estate	—	—	—	127	—
Consumer	—	—	—	—	—
Home equity	—	—	—	—	—
Total	$ 5,379	$ 5,562	$ 589	$ 3,641	$ 94

Notes to Consolidated Financial Statements

The following is information pertaining to impaired loans at December 31, 2019:

(dollars in thousands)	Carrying Value	Unpaid Balance Principal	Required Reserve	Average Carrying Value Recognized	Interest Income
With no required reserve recorded:					
Construction and land development	$ —	$ —	$ —	$ —	$ —
Commercial and industrial	770	976	—	138	6
Municipal	—	—	—	—	—
Commercial real estate	160	189	—	445	—
Residential real estate	—	—	—	—	—
Consumer	—	—	—	—	—
Home equity	—	—	—	—	—
Total	$ 930	$ 1,165	$ —	$ 583	$ 6
With required reserve recorded:					
Construction and land development	$ —	$ —	$ —	$ —	$ —
Commercial and industrial	136	137	15	264	7
Municipal	—	—	—	—	—
Commercial real estate	2,186	2,306	87	2,314	90
Residential real estate	—	—	—	—	—
Consumer	—	—	—	—	—
Home equity	—	—	—	—	—
Total	$ 2,322	$ 2,443	$ 102	$ 2,578	$ 97
Total					
Construction and land development	$ —	$ —	$ —	$ —	$ —
Commercial and industrial	906	1,113	15	402	13
Municipal	—	—	—	—	—
Commercial real estate	2,346	2,495	87	2,759	90
Residential real estate	—	—	—	—	—
Consumer	—	—	—	—	—
Home equity	—	—	—	—	—
Total	$ 3,252	$ 3,608	$ 102	$ 3,161	$ 103

Troubled Debt Restructurings (TDRs) are identified as a modification in which a concession was granted to a customer who was having financial difficulties. This concession may be below market rate, longer amortization/term, or a lower payment amount. The present value calculation of the modification did not result in an increase in the allowance for these loans beyond any previously established allocations.

There was one commercial and industrial loan that was modified during the first quarter of 2019. The loan was modified by reducing the interest rates as well as extending the term on the loan. The pre-modification and post-modification outstanding recorded investment was $39,000. The financial impact for the modification was not material. This loan was subsequently charged off during the third quarter of 2019. Also, there were no commitments to lend additional funds to troubled debt restructuring borrowers.

There were no TDRs that occurred during the year 2020. Also, there were no commitments to lend additional funds to troubled debt restructuring borrowers. There were no troubled debt restructurings that subsequently defaulted during 2020.

Notes to Consolidated Financial Statements

Under Section 4013 of the CARES Act, loans less than 30 days past due as of December 31, 2019 will be considered current for COVID-19 modifications. The Company can then suspend the requirements under GAAP for loan modifications related to COVID-19 that would otherwise be categorized as a TDR, and suspend any determination of a loan modified as a result of COVID-19 as being a TDR, including the requirement to determine impairment for accounting purposes.

As of December 31, 2020, and as a result of COVID-19 loan modifications, the Company has 20 loans operating under modified terms aggregating $25,022,000, primarily consisting of short-term payment deferrals. Of these modifications, $25,022,000, or 100%, were performing in accordance with their modified terms.

7. Bank Premises and Equipment

December 31, (dollars in thousands)	**2020**	2019	Estimated Useful Life
Land	**$ 7,905**	$ 7,246	—
Bank premises	**34,556**	28,175	30-39 years
Furniture and equipment	**34,381**	33,259	3-10 years
Leasehold improvements	**12,830**	12,674	30-39 years or lease term
	89,672	81,354	
Accumulated depreciation and amortization	**(50,610)**	(47,402)	
Total	**$ 39,062**	$ 33,952	

Depreciation and amortization amounted to $3,266,000, $3,235,000, and $3,206,000 at December 31, 2020, 2019 and 2018, respectively.

8. Goodwill and Identifiable Intangible Assets

At December 31, 2020 and 2019, the Company concluded that it is not more likely than not that fair value of the reporting unit is less than its carrying value, and goodwill is not considered to be impaired.

The changes in goodwill and identifiable intangible assets for the years ended December 31, 2020 and 2019 are shown in the table below.

Carrying Amount of Goodwill and Intangibles (dollars in thousands)	Goodwill	Mortgage Servicing Rights	Total
Balance at December 31, 2018	$ 2,714	$ 1,226	$3,940
Additions	—	237	237
Amortization Expense	—	(261)	(261)
Balance at December 31, 2019	$ 2,714	$ 1,202	$3,916
Additions	—	—	—
Amortization Expense	—	(429)	(429)
Balance at December 31, 2020	**$ 2,714**	**$ 773**	**$3,487**

Notes to Consolidated Financial Statements

9. Fair Value Measurements

The Company follows FASB ASC 820-10, *Fair Value Measurements and Disclosures,* which among other things, requires enhanced disclosures about assets and liabilities carried at fair value. ASC 820-10 establishes a hierarchal disclosure framework associated with the level of pricing observability utilized in measuring financial instruments at fair value. The three broad levels of the hierarchy are as follows:

Level I—Quoted prices are available in active markets for identical assets or liabilities as of the reported date. The type of financial instruments included in Level I are highly liquid cash instruments with quoted prices such as listed equities and money market securities, as well as listed derivative instruments.

Level II—Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reported date. The nature of these financial instruments include cash instruments for which quoted prices are available but traded less frequently, derivative instruments whose fair value have been derived using a model where inputs to the model are directly observable in the market or can be derived principally from or corroborated by observable market data, and instruments that are fair valued using other financial instruments, the parameters of which can be directly observed. Instruments which are generally included in this category are G-7 government, agency securities, corporate bonds and loans, mortgage whole loans, municipal bonds and OTC derivatives.

Level III—These instruments have little to no pricing observability as of the reported date. These financial instruments do not have two-way markets and are measured using management's best estimate of fair value, where the inputs into the determination of fair value require significant management judgment or estimation. Instruments that are included in this category generally include certain commercial mortgage loans, and obligations issued by states and political subdivisions.

The results of the fair value hierarchy as of December 31, 2020, are as follows:

		Fair Value Measurements Using		
(dollars in thousands)	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Financial Instruments Measured at Fair Value on a Recurring Basis				
Securities AFS				
SBA Backed Securities	$ 44,039	$ —	$ 44,039	$ —
U.S. Government Agency and Sponsored Enterprises Mortgage-Backed Securities	177,741	—	177,741	—
Privately Issued Residential Mortgage-Backed Securities	328	—	328	—
Obligations Issued by States and Political Subdivisions	52,276	—	—	52,276
Other Debt Securities	8,064	—	8,064	—
Total	$ 282,448	$ —	$ 230,172	$ 52,276
Equity Securities	$ 1,668	$ 303	$ 1,365	$ —
Financial Instruments Measured at Fair Value on a Non-recurring Basis				
Impaired Loans	$ 3,178	$ —	$ —	$ 3,178

Notes to Consolidated Financial Statements

The results of the fair value hierarchy as of December 31, 2019, are as follows:

(dollars in thousands)	Carrying Value	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Financial Instruments Measured at Fair Value on a Recurring Basis				
Securities AFS				
SBA Backed Securities	$ 54,211	$ —	$ 54,211	$ —
U.S. Government Agency and Sponsored Enterprises Mortgage-Backed Securities	184,187	—	184,187	—
Privately Issued Residential Mortgage-Backed Securities	396	—	396	—
Obligations Issued by States and Political Subdivisions	18,076	—	4,775	13,301
Other Debt Securities	3,632	—	3,632	—
Total	$ 260,502	$ —	$ 247,201	$ 13,301
Equity Securities	$ 1,688	$ 343	$ 1,345	$ —
Financial Instruments Measured at Fair Value on a Non-recurring Basis				
Impaired Loans	$ 877	$ —	$ —	$ 877

Impaired loan balances in the tables above represent those collateral dependent loans where management has estimated the credit loss by comparing the loan's carrying value against the expected realizable fair value of the collateral. Fair value is generally determined through a review process that includes independent appraisals, discounted cash flows, or other external assessments of the underlying collateral, which generally include various Level 3 inputs which are not identifiable. The Company discounts the fair values, as appropriate, based on management's observations of the local real estate market for loans in this category.

Appraisals, discounted cash flows and real estate tax assessments are reviewed quarterly. There is no specific policy regarding how frequently appraisals will be updated. Adjustments are made to appraisals and real estate tax assessments based on management's estimate of changes in real estate values. Within the past twelve months there have been no updated appraisals, however, all impaired loans have been reviewed during the past quarter using either a discounted cash flow analysis or other type of real estate tax assessment. The types of adjustments that are made to specific provisions relate to impaired loans recognized for the estimated credit loss amounted to $501,000 and $79,000 for 2020 and 2019, respectively.

There were no transfers between level 1, 2 and 3 for the year ended December 31, 2020 and December 31, 2019. There were no liabilities measured at fair value on a recurring or nonrecurring basis during the year ended December 31, 2020 and December 31, 2019.

The following table presents additional information about assets measured at fair value on a recurring and nonrecurring basis for which the Company has utilized Level 3 inputs to determine fair value (dollars in thousands) at December 31, 2020. Management continues to monitor the assumptions used to value the assets listed below.

Asset	**Fair Value**	**Valuation Technique**	**Unobservable Input**	**Unobservable Input Value or Range**
Securities AFS (1)	**$ 52,276**	**Discounted cash flow**	**Discount rate**	**0%-1.0% (2)**
Impaired Loans	**3,178**	**Appraisal of collateral (3)**	**Appraisal adjustments (4)**	**0%-17% discount**

The following table presents additional information about assets measured at fair value on a recurring and nonrecurring basis for which the Company has utilized Level 3 inputs to determine fair value (dollars in thousands) at December 31, 2019. Management continues to monitor the assumptions used to value the assets listed below.

Asset	Fair Value	Valuation Technique	Unobservable Input	Unobservable Input Value or Range
Securities AFS (1)	$ 13,301	Discounted cash flow	Discount rate	1.5%-3.2% (2)
Impaired Loans	877	Appraisal of collateral (3)	Appraisal adjustments (4)	0%-30% discount

(1) Municipal securities generally have maturities of one year or less and, therefore, the amortized cost equates to the fair value.
(2) Weighted averages.
(3) Fair value is generally determined through independent appraisals of the underlying collateral, which generally include various Level 3 inputs which are not identifiable.
(4) Appraisals may be adjusted by management for qualitative factors such as economic conditions and estimated expenses.

The changes in Level 3 securities for the year ended December 31, 2020 are as shown in the table below:

(dollars in thousands)	**Obligations Issued by States and Political Subdivisions**
Balance at December 31, 2019	$ 13,301
Purchases	71,095
Maturities/redemptions	(32,073)
Transfer to Level 2	—
Amortization	(47)
Change in fair value	—
Balance at December 31, 2020	$ 52,276

The amortized cost of Level 3 securities was $52,276,000 with an unrealized loss of $0 at December 31, 2020. The securities in this category are generally municipal securities with no readily determinable fair value or failed auction rate securities. Management evaluated the fair value of these securities based on an evaluation of the underlying issuer, prevailing rates and market liquidity.

Notes to Consolidated Financial Statements

The changes in Level 3 securities for the year ended December 31, 2019 are as shown in the table below:

(dollars in thousands)	Obligations Issued by States and Political Subdivisions
Balance at December 31, 2018	$ 88,728
Purchases	21,408
Maturities/redemptions	(96,812)
Transfer to Level 2	—
Amortization	(23)
Change in fair value	—
Balance at December 31, 2019	$ 13,301

The amortized cost of Level 3 securities was $13,301,000 with an unrealized loss of $0 at December 31, 2019. The securities in this category are generally municipal securities with no readily determinable fair value or failed auction rate securities. Management evaluated the fair value of these securities based on an evaluation of the underlying issuer, prevailing rates and market liquidity.

10. Deposits

The following is a summary of remaining maturities or re-pricing of time deposits as of December 31,

(dollars in thousands)	**2020**	**Percent**	2019	Percent
Within one year	**$465,080**	**85%**	$383,497	69%
Over one year to two years	**50,456**	**9%**	123,016	22%
Over two years to three years	**19,104**	**4%**	27,223	5%
Over three years to five years	**11,503**	**2%**	21,711	4%
Total	**$546,143**	**100%**	$555,447	100%

Time deposits of more than $250,000 totaled $350,290,000 and $342,809,000 in 2020 and 2019, respectively.

Deposits totaling $34,622,000 and $34,964,000 were attributable to related parties at December 31, 2020 and December 31, 2019, respectively.

11. Securities Sold Under Agreements to Repurchase

The following is a summary of securities sold under agreements to repurchase as of December 31,

(dollars in thousands)	**2020**	2019	2018
Amount outstanding at December 31	**$232,090**	$266,045	$154,240
Weighted average rate at December 31	**0.34%**	0.96%	0.82%
Maximum amount outstanding at any month end	**$253,980**	$307,235	$174,150
Daily average balance outstanding during the year	**$221,609**	$224,361	$147,944
Weighted average rate during the year	**0.62%**	1.05%	0.66%

Notes to Consolidated Financial Statements

Amounts outstanding at December 31, 2020, 2019, and 2018 carried maturity dates of the next business day. U.S. Government Sponsored Enterprise securities with a total amortized cost of $226,942,000, $264,737,000, and $160,576,000 were pledged as collateral and held by custodians to secure the agreements at December 31, 2020, 2019, and 2018, respectively. The approximate fair value of the collateral at those dates was $234,125,000, $265,687,000, and $156,369,000, respectively.

12. Other Borrowed Funds and Subordinated Debentures

The following is a summary of other borrowed funds and subordinated debentures as of December 31,

(dollars in thousands)	**2020**	2019	2018
Amount outstanding at December 31	**$213,092**	$407,038	$238,461
Weighted average rate at December 31	**2.38%**	2.37%	2.76%
Maximum amount outstanding at any month end	**$348,203**	$487,502	$542,913
Daily average balance outstanding during the year	**$201,656**	$231,926	$291,674
Weighted average rate during the year	**2.66%**	2.95%	2.61%

FEDERAL HOME LOAN BANK BORROWINGS

Federal Home Loan Bank of Boston (“FHLBB”) borrowings are collateralized by a blanket pledge agreement on the Bank’s FHLBB stock, certain qualified investment securities, deposits at the FHLBB and residential mortgages held in the Bank’s portfolios. The Bank’s remaining term borrowing capacity at the FHLBB at December 31, 2020, was approximately $591,974,000. In addition, the Bank has a $14,500,000 line of credit with the FHLBB. A schedule of the maturity distribution of FHLBB advances with the weighted average interest rates is as follows:

December 31,	**2020**		2019		2018	
(dollars in thousands)	**Amount**	**Weighted Average Rate**	Amount	Weighted Average Rate	Amount	Weighted Average Rate
Within one year	**$ 67,500**	**1.78%**	$ 218,000	1.86%	$ 63,000	2.17%
Over one year to two years	**$ 3,500**	**2.15%**	$ 42,500	2.58%	$ 28,000	2.29%
Over two years to three years	**$ 30,000**	**3.38%**	$ 3,500	2.15%	$ 25,000	3.34%
Over three years to five years	**$ 67,000**	**2.64%**	$ 70,000	2.85%	$ 33,500	2.23%
Over five years	**$ 9,009**	**2.83%**	$ 36,955	2.88%	$ 52,878	2.47%
Total	**$ 177,009**	**2.44%**	$ 370,955	2.23%	$ 202,378	2.42%

Included in the table above are $40,000,000, $40,000,000, and $40,000,000, respectively, of FHLBB advances at December 31, 2020, 2019 and 2018, that are puttable at the discretion of FHLBB. These put dates were not utilized in the table above.

During 2019, the Company restructured $15,000,000 of FHLBB advances. Prior to the restructure, the weighted average rate on these advances was 3.33% and the weighted average maturity was 14 months. Subsequent to the restructure, the weighted average rate was 2.37% and the weighted average maturity was 60 months.

SUBORDINATED DEBENTURES

Subordinated debentures totaled $36,083,000 at December 31, 2020, 2019, and 2018.

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In December 2004, the Company consummated the sale of a trust preferred securities offering, in which it issued $36,083,000 of subordinated debt securities due 2034 to its newly formed unconsolidated subsidiary Century Bancorp Capital Trust II.

Century Bancorp Capital Trust II then issued 35,000 shares of Cumulative Trust Preferred Securities with a liquidation value of $1,000 per share. These securities paid dividends at an annualized rate of 6.65% for the first ten years and then converted to the three-month LIBOR rate plus 1.87% for the remaining 20 years. The coupon rate on these securities was 2.09% at December 31, 2020 and 3.76% at December 31, 2019.

OTHER BORROWED FUNDS

There were no overnight federal funds purchased at December 31, 2020, 2019, and 2018.

13. Reclassifications Out of Accumulated Other Comprehensive Income [a]

Details About Accumulated Other Comprehensive Income Components	Amount Reclassified from Accumulated Other Comprehensive Income **Year Ended December 31, 2020 [a]**	 Year Ended December 31, 2019 [a]	Affected Line Item in the Statement Where Net Income is Presented
Unrealized gains and losses on available-for-sale securities	**$ —**	$ 61	Net gains on sales of investments
	—	(17)	Provision for income taxes
	$ —	$ 44	Net income
Accretion of unrealized losses transferred	**$ (798)**	$ (1,022)	Interest income securities held-to-maturity
	207	269	Provision for income taxes
	$ (591)	$ (753)	Net income
Amortization of defined benefit pension items			
Prior-service costs	**$ (114)**	$ (114)	Salaries and employee benefits [b]
Actuarial gains (losses)	**(1,889)**	(1,351)	Salaries and employee benefits [b]
Total before tax	**(2,003)**	(1,465)	Income before taxes
Tax (expense) or benefit	**562**	412	Provision for income taxes
Net of tax	**$ (1,441)**	$ (1,053)	Net income

(a) Amounts in parentheses indicate decreases to profit/loss.
(b) These accumulated other comprehensive income components are included in the computation of net periodic pension cost (see employee benefits footnote (Note 17) for additional details).

14. Earnings Per Share ("EPS")

Class A and Class B shares participate equally in undistributed earnings. Under the Company's Articles of Organization, the holders of Class A Common Stock are entitled to receive dividends per share equal to at least 200% of dividends paid, if any, from time to time, on each share of Class B Common Stock.

Diluted EPS includes the dilutive effect of common stock equivalents; basic EPS excludes all common stock equivalents. There were no common stock equivalents for 2020, 2019 and 2018, respectively.

Notes to Consolidated Financial Statements

The following table is a reconciliation of basic EPS and diluted EPS:

Year Ended December 31, (in thousands except share and per share data)	2020	2019	2018
BASIC EPS COMPUTATION			
Numerator:			
Net income, Class A	**$ 33,449**	$ 31,351	$ 28,479
Net income, Class B	**8,760**	8,348	7,734
Denominator:			
Weighted average shares outstanding, Class A	**3,653,939**	3,633,044	3,608,179
Weighted average shares outstanding, Class B	**1,913,970**	1,934,865	1,959,730
Basic EPS, Class A	**$ 9.15**	$ 8.63	$ 7.89
Basic EPS, Class B	**$ 4.58**	$ 4.31	$ 3.95
DILUTED EPS COMPUTATION			
Numerator:			
Net income, Class A	**$ 33,449**	$ 31,351	$ 28,479
Net income, Class B	**8,760**	8,348	7,734
Total net income, for diluted EPS, Class A computation	**42,209**	39,699	36,213
Denominator:			
Weighted average shares outstanding, basic, Class A	**3,653,939**	3,633,044	3,608,179
Weighted average shares outstanding, Class B	**1,913,970**	1,934,865	1,959,730
Weighted average shares outstanding diluted, Class A	**5,567,909**	5,567,909	5,567,909
Weighted average shares outstanding, Class B	**1,913,970**	1,934,865	1,959,730
Diluted EPS, Class A	**$ 7.58**	$ 7.13	$ 6.50
Diluted EPS, Class B	**$ 4.58**	$ 4.31	$ 3.95

15. Stockholders' Equity

DIVIDENDS

Holders of the Class A common stock may not vote in the election of directors but may vote as a class to approve certain extraordinary corporate transactions. Holders of Class B common stock may vote in the election of directors. Class A common stockholders are entitled to receive dividends per share equal to at least 200% per share of that paid, if any, on each share of Class B common stock. Class A common stock is publicly traded. Class B common stock is not publicly traded; however, it can be converted on a per share basis to Class A common stock at any time at the option of the holder. Dividend payments by the Company are dependent in part on the dividends it receives from the Bank, which are subject to certain regulatory restrictions.

CAPITAL RATIOS

The Bank and the Company are subject to various regulatory requirements administered by federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional

Notes to Consolidated Financial Statements

discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank and Company's financial statements. Under capital adequacy guidelines and regulatory framework for prompt corrective action, the Bank and Company must meet specific capital guidelines that involve quantitative measures of the Bank and Company's assets and liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank and Company's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank and the Company to maintain minimum amounts and ratios (set forth in the table below) of total and Tier 1 capital (as defined in the regulation) to risk-weighted assets (as defined) and Tier 1 capital (as defined) to average assets (as defined). Management believes, as of December 31, 2020, that the Bank and the Company meet all capital adequacy requirements to which they are subject.

The Basel Committee has issued capital standards entitled "Basel III: A global framework for more resilient banks and banking systems" (Basel III). The Federal Reserve has finalized its rule implementing the Basel III regulatory capital framework. The rule was effective in January 2015 and sets the Basel III minimum Regulatory capital requirements. To be categorized as well capitalized, the Bank must maintain minimum total risk-based, Common Equity tier 1, tier 1 risk-based, and Tier 1 leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes would cause a change in the Bank's categorization.

The Bank's actual capital amounts and ratios are presented in the following table:

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2020 (Basel III)						
Total Capital (to Risk-Weighted Assets)	**$448,695**	**13.03%**	**$ 275,403**	**8.00%**	**$ 344,254**	**10.00%**
Tier 1 Capital (to Risk-Weighted Assets)	**413,209**	**12.00%**	**206,553**	**6.00%**	**275,403**	**8.00%**
Common Equity Tier 1 Capital (to Risk-Weighted Assets)	**413,209**	**12.00%**	**154,914**	**4.50%**	**223,765**	**6.50%**
Tier 1 Capital (to 4th Quarter Average Assets)	**413,209**	**6.41%**	**257,763**	**4.00%**	**322,204**	**5.00%**
As of December 31, 2019 (Basel III)						
Total Capital (to Risk-Weighted Assets)	$401,850	13.57%	$ 236,830	8.00%	$ 296,037	10.00%
Tier 1 Capital (to Risk-Weighted Assets)	372,265	12.57%	177,622	6.00%	236,830	8.00%
Common Equity Tier 1 Capital (to Risk-Weighted Assets)	372,265	12.57%	133,217	4.50%	192,424	6.50%
Tier 1 Capital (to 4th Quarter Average Assets)	372,265	7.01%	212,549	4.00%	265,686	5.00%

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The Company's actual capital amounts and ratios are presented in the following table:

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2020 (Basel III)						
Total Capital (to Risk-Weighted Assets)	**$464,331**	**13.43%**	**$ 276,673**	**8.00%**	**$ 345,842**	**10.00%**
Tier 1 Capital (to Risk-Weighted Assets)	**428,845**	**12.40%**	**207,505**	**6.00%**	**276,673**	**8.00%**
Common Equity Tier 1 Capital (to Risk-Weighted Assets)	**393,845**	**11.39%**	**155,629**	**4.50%**	**224,797**	**6.50%**
Tier 1 Capital (to 4th Quarter Average Assets)	**428,845**	**6.64%**	**258,414**	**4.00%**	**323,017**	**5.00%**
As of December 31, 2019 (Basel III)						
Total Capital (to Risk-Weighted Assets)	$415,863	13.97%	$ 238,132	8.00%	$ 297,665	10.00%
Tier 1 Capital (to Risk-Weighted Assets)	386,308	12.98%	178,599	6.00%	238,132	8.00%
Common Equity Tier 1 Capital (to Risk-Weighted Assets)	351,308	11.80%	133,949	4.50%	193,482	6.50%
Tier 1 Capital (to 4th Quarter Average Assets)	386,308	7.25%	213,222	4.00%	266,528	5.00%

16. Income Taxes

The current and deferred components of income tax expense (benefit) for the years ended December 31, are as follows:

(dollars in thousands)	**2020**	2019	2018
Current expense:			
Federal	**$ 3,651**	$ 2,548	$ 2,637
State	**1,845**	697	697
Total current expense	**5,496**	3,245	3,334
Deferred (benefit) expense:			
Federal	**(491)**	(1,660)	(1,238)
State	**(598)**	(367)	(528)
Valuation Allowance	**—**	(108)	—
Total deferred (benefit) expense	**(1,089)**	(2,135)	(1,766)
Provision for income taxes	**$ 4,407**	$ 1,110	$ 1,568

Income tax accounts included in other assets at December 31, are as follows:

(dollars in thousands)	**2020**	2019
Income tax receivable	**$ 2,250**	$ 3,446
Deferred income tax asset, net	**26,431**	24,566
Total	**$ 28,681**	$ 28,012

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Differences between income tax expense (benefit) at the statutory federal income tax rate and total income tax expense are summarized as follows:

(dollars in thousands)	**2020**	2019	2018
Federal income tax expense at statutory rate	**$ 9,789**	$ 8,570	$ 7,934
State income tax, net of federal income tax benefit	**930**	261	134
Life insurance income	**(834)**	(265)	(176)
Tax-exempt interest, net	**(5,490)**	(6,737)	(6,510)
Tax credits, net	**(231)**	(292)	(349)
Valuation allowance reversal	—	(108)	—
Sequestration (reversal) accrual	—	(438)	438
Other, net	**243**	119	97
Total	**$ 4,407**	$ 1,110	$ 1,568
Effective tax rate	**9.45%**	2.72%	4.15%

The following table sets forth the Company's gross deferred income tax assets and gross deferred income tax liabilities at December 31:

(dollars in thousands)	**2020**	2019
Deferred income tax assets:		
Allowance for loan losses	**$10,025**	$ 8,354
Deferred compensation	**8,833**	8,910
Pension and SERP liability	**9,911**	8,770
Operating lease liabilities	**3,917**	3,567
Unrealized losses on securities transferred to held-to-maturity	**436**	643
Depreciation	**1,214**	1,060
QZAB credit	—	812
PPP loan origination fees	**919**	—
Accrued bonus	—	708
Charitable contributions carryforward	—	276
Nonaccrual interest	**75**	115
Other	**305**	206
Gross deferred income tax asset	**35,635**	33,421
Deferred income tax liabilities:		
Pension liability	**(4,142)**	(4,258)
Operating lease right-of-use assets	**(3,855)**	(3,520)
Deferred origination costs	**(584)**	(516)
Prepaid expenses	**(361)**	(337)
Mortgage servicing rights	**(217)**	(338)
Unrealized (gains) losses on securities available-for-sale	**(45)**	114
Gross deferred income tax liability	**(9,204)**	(8,855)
Deferred income tax asset net	**$26,431**	$24,566

Based on the Company's historical and current pre-tax earnings, management believes it is more likely than not that the Company will realize the deferred income tax asset existing at December 31, 2020. There was no valuation allowance at December 31, 2020 or December 31, 2019. During 2019, the valuation allowance on a charitable contribution carryforward was reversed. Management believes that existing net deductible temporary differences which give rise to the deferred tax asset will reverse during periods in which the Company generates net taxable income. In addition, gross deductible temporary differences are expected to reverse in periods during which offsetting gross taxable temporary differences are expected to reverse. Factors beyond management's control, such as the general state of the economy and real estate values, can affect future levels of taxable income, and no assurance can be given that sufficient taxable income will be generated to fully absorb gross deductible temporary differences.

On December 22, 2017, the Tax Cuts and Jobs Act (the "Tax Act") was enacted, which represents the most comprehensive reform to the U.S. tax code in over thirty years. The majority of the provisions of the Tax Act took effect on January 1, 2018. The Tax Act lowered the Company's federal tax rate from 34% to 21%. Also, for tax years beginning after December 31, 2017, the corporate Alternative Minimum Tax ("AMT") has been repealed. For 2018 through 2021, the AMT credit carryforward can offset regular tax liability and is refundable in an amount equal to 50% (100% for 2021) of the excess of the minimum tax credit for the tax year over the amount of the credit allowable for the year against regular tax liability. During 2019, a reduction in tax accruals related to sequestration of the refundable portion of our AMT credit carryforward amounted to $438,000. On March 27, 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law. As a result of the CARES Act, the full balance of the AMT credit was refunded during 2020. The other provisions under the CARES Act did not have a material impact on the Company's income taxes for 2020. The Tax Act also contains other provisions that may affect the Company currently or in future years. Among these are changes to the deductibility of meals and entertainment, the deductibility of executive compensation, the dividend received deduction and net operating loss carryforwards. Tax Act changes for individuals include lower tax rates, mortgage interest and state and local tax limitations as well as an increase in the standard deduction, among others.

The Company did not have any unrecognized tax benefits nor a balance of accrued interest and penalties related to uncertain tax positions.

The Company and its subsidiaries file a consolidated federal tax return. The Company is subject to federal and Massachusetts examinations for tax years after December 31, 2016.

17. Employee Benefits

The Company has a Qualified Defined Benefit Pension Plan (the "Plan"), which had been offered to all employees reaching minimum age and service requirements. In 2006, the Bank became a member of the Savings Bank Employees Retirement Association ("SBERA") within which it then began maintaining the Qualified Defined Benefit Pension Plan. SBERA offers a common and collective trust as the underlying investment structure for its retirement plans. The target allocation mix for the common and collective trust portfolio calls for an equity-based investment deployment range of 47% to 61% of total portfolio assets. The remainder of the portfolio is allocated to fixed income securities with target range of 24% to 38% and other investments including global asset allocation and hedge funds from 9% to 15%.

The Trustees of SBERA, through its Investment Committee, select investment managers for the common and collective trust portfolio. A professional investment advisory firm is retained by the Investment Committee to provide allocation analysis, performance measurement and to assist with manager searches. The overall investment objective is to diversify investments across a spectrum of investment types to limit risks from large market swings. The Company closed the plan to employees hired after March 31, 2006.

Notes to Consolidated Financial Statements

The measurement date for the Plan is December 31 for each year. The benefits expected to be paid in each year from 2021 to 2025 are $2,008,000, $2,188,000, $2,322,000, $2,521,000, and $2,707,000, respectively. The aggregate benefits expected to be paid in the five years from 2026 to 2030 are $16,087,000.

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy under Topic 820 are described as follows:

LEVEL 1

Inputs to the valuation methodology are quoted market prices (unadjusted) for identical assets or liabilities in active markets that the Company has the ability to access at the measurement date.

LEVEL 2

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly, such as: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other that quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

LEVEL 3

Inputs that are unobservable inputs for the asset or liability.

Below is a description of the valuation methodologies used for assets measured at fair value.

Collective Funds

Valued at either the closing price reported on the active market on which the individual securities are traded or valued at the net asset value (NAV) of units of a collective trust. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Participant transactions (purchases and sales) may occur daily. Were SBERA to initiate a full redemption of the collective trust, the investment advisor reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner.

Equity Securities

Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds

Valued at the daily closing price as reported by the fund. Mutual funds held open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. The funds are required to publish their daily NAV and to transact at that price.

The mutual funds held are deemed to be actively traded.

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Limited Partnerships and Hedge Funds

The funds are valued at NAV, without further adjustment, as calculated by the fund's manager based upon the terms and conditions of the organization documents of the underlying investments, with further consideration to portfolio risks.

The following table sets forth by level, within the fair value hierarchy, the plan's assets at fair value. Classification within the fair value hierarchy table is based upon the lowest level of any input that is significant to the fair value measurement:

The fair value of plan assets and major categories as of December 31, 2020, is as follows:

Description (dollars in thousands)	Percent	NAV	Level 1	Level 2	Level 3	Total
Collective Funds	**10.6%**	**$ —**	**$ 5,999**	**$ —**	**$ —**	**$ 5,999**
Equity Securities	**26.6%**	**—**	**14,952**	**—**	**—**	**14,952**
Diversified Mutual Funds	**12.3%**	**—**	**6,949**	**—**	**—**	**6,949**
Short Term Investments	**0.2%**	**—**	**121**	**—**	**—**	**121**
Total investments measured in the fair value hierarchy	**49.7%**	**—**	**28,021**	**—**	**—**	**28,021**
Investments measured at net asset value (1)	**50.3%**	**28,412**	**—**	**—**	**—**	**28,412**
	100.0%	**$28,412**	**$28,021**	**$ —**	**$ —**	**$56,433**

(1) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy.

The fair value of plan assets and major categories as of December 31, 2019, is as follows:

Description (dollars in thousands)	Percent	NAV	Level 1	Level 2	Level 3	Total
Collective Funds	8.3%	$ —	$ 4,289	$ —	$ —	$ 4,289
Equity Securities	9.7%	—	5,016	—	—	5,016
Diversified Mutual Funds	31.1%	—	16,081	—	—	16,081
Total investments measured in the fair value hierarchy	49.1%	—	25,386	—	—	25,386
Investments measured at net asset value (1)	50.9%	26,274	—	—	—	26,274
	100.0%	$26,274	$25,386	$ —	$ —	$51,660

(1) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy.

INVESTMENTS MEASURED USING THE NET ASSET VALUE PER SHARE PRACTICAL EXPEDIENT

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient. There are no participant redemption restrictions for these investments.

Notes to Consolidated Financial Statements

The investments measured using the net asset value per share practical expedient as of December 31, 2020, is as follows:

(dollars in thousands)	Percent	Fair Value
Collective Funds by Category:		
Equity	12.6%	$ 7,113
US debt securities	18.0%	10,131
International equities	14.1%	7,964
Limited Partnerships by Category:		
Emerging markets	4.1%	2,308
Hedge Funds by Category:		
Global opportunities (1)	0.3%	197
Private investment entities and/or separately managed accounts (2)	1.2%	699
	50.3%	$ 28,412

The investments measured using the net asset value per share practical expedient as of December 31, 2019, is as follows:

(dollars in thousands)	Percent	Fair Value
Collective Funds by Category:		
Equity	19.2%	$ 9,932
US debt securities	15.2%	7,874
International equities	10.1%	5,208
Limited Partnerships by Category:		
Emerging markets	3.2%	1,635
Multi-strategy	1.2%	644
Hedge Funds by Category:		
Global opportunities (1)	0.5%	259
Private investment entities and/or separately managed accounts (2)	1.4%	722
	50.9%	$ 26,274

(1) This category has an investment strategy to pursue a hybrid absolute return via portfolio managers, secondaries, and co-investments with a flexible and opportunistic mandate tactically allocating capital to look to capitalize on market dislocations and inefficiencies. The opportunities are expected to fall within the following strategies: Niche Alternatives and Private Credit and Hedge Fund secondaries. The fair value of the investments in this category have been determined using the last sales price, for listed securities, and in accordance with the agreement terms for portfolio-managed investments, notes, swaps, and other similar products.

(2) The Fund's investment objective is to invest in highly attractive, select investment opportunities by maintaining investments through private investment entities and/or separately managed accounts (each, an Investment or a Portfolio and collectively, the Investments or the Portfolios) with investment management professionals (each a Manager and collectively, the Managers) specializing in various alternative investment strategies. The Managers have broad investment experience and the ability to leverage their existing relationships with corporate management teams, investment banks and other institutions to gain access to certain investment opportunities. As such, the Manager is presented with "best idea" investment opportunities, typically in asset classes where market dislocations or other events have created attractive investment opportunities. The Managers are not restricted in the investment strategies that they may employ across different asset classes and regions. The Manager anticipates that any number of strategies will be eligible for consideration for investment by the Fund and the Fund reserves the right to invest in any particular strategy or asset class it deems appropriate.

Notes to Consolidated Financial Statements

The Company has a Supplemental Executive Insurance/Retirement Plan (the Supplemental Plan), which is limited to certain officers and employees of the Company. The Supplemental Plan is voluntary. Under the Supplemental Plan, each participant will receive a retirement benefit based on compensation and length of service. Life insurance policies, which are owned by the Company, are purchased covering the lives of each participant.

The benefits expected to be paid in each year from 2021 to 2025 are $2,570,000, $2,507,000, $2,439,000, $2,595,000, and $3,102,000, respectively. The aggregate benefits expected to be paid in the five years from 2026 to 2030 are $17,913,000.

	Defined Benefit Pension Plan		Supplemental Insurance/ Retirement Plan	
	2020	2019	**2020**	2019
(dollars in thousands)				
Change projected in benefit obligation				
Benefit obligation at beginning of year	**$ 49,434**	$ 40,509	**$ 49,976**	$ 40,405
Service cost	**1,377**	1,103	**1,412**	1,024
Interest cost	**1,801**	1,892	**1,862**	1,926
Prior service cost	**—**	—	**501**	—
Actuarial (gain)/loss	**3,245**	7,099	**4,703**	7,537
Benefits paid	**(1,418)**	(1,169)	**(4,511)**	(916)
Projected benefit obligation at end of year	**$ 54,439**	$ 49,434	**$ 53,943**	$ 49,976
Change in plan assets				
Fair value of plan assets at beginning of year	**$ 51,660**	$ 44,437		
Actual return on plan assets	**6,191**	8,392		
Employer contributions	**—**	—		
Benefits paid	**(1,418)**	(1,169)		
Fair value of plan assets at end of year	**$ 56,433**	$ 51,660		
(Unfunded) Funded status	**$ 1,994**	$ 2,226	**$ (53,943)**	$ (49,976)
Accumulated benefit obligation	**$ 54,439**	$ 49,434	**$ 48,767**	$ 45,238
Weighted-average assumptions as of December 31				
Discount rate—Liability	**3.25%**	3.71%	**3.21%**	3.71%
Discount rate—Expense	**3.71%**	4.76%	**3.71%**	4.79%
Expected return on plan assets	**7.50%**	7.50%	**NA**	NA
Rate of compensation increase	**4.00%**	4.00%	**4.00%**	4.00%
Components of net periodic benefit cost				
Service cost	**$ 1,377**	$ 1,103	**$ 1,412**	$ 1,024
Interest cost	**1,801**	1,892	**1,862**	1,926
Expected return on plan assets	**(3,808)**	(3,275)	**—**	—
Recognized prior service cost	**—**	—	**114**	114
Recognized net losses	**1,041**	916	**848**	435
Net periodic cost (benefit)	**$ 411**	$ 636	**$ 4,236**	$ 3,499
Other changes in plan assets and benefit obligations recognized in other comprehensive income				
Amortization of prior service cost	**$ —**	$ —	**$ (114)**	$ (114)
Net (gain) loss	**(179)**	1,066	**3,809**	7,101
Total recognized in other comprehensive income	**(179)**	1,066	**3,695**	6,987
Total recognized in net periodic benefit cost and other comprehensive income	**$ 232**	$ 1,702	**$ 7,931**	$ 10,486

Notes to Consolidated Financial Statements

The following table represents the unrecognized pension liability at the time period indicated:

(dollars in thousands)	December 31, 2020 Plan	December 31, 2020 Supplemental Plan	December 31, 2020 Total	December 31, 2019 Plan	December 31, 2019 Supplemental Plan	December 31, 2019 Total
Prior service cost	**$ —**	**$ (739)**	**$ (739)**	$ —	$ (307)	$ (307)
Net actuarial loss	**(12,741)**	**(21,780)**	**(34,521)**	(12,920)	(17,971)	(30,891)
Total	**$(12,741)**	**$ (22,519)**	**$(35,260)**	$(12,920)	$ (18,278)	$(31,198)

The following table summarizes the amounts included in Accumulated Other Comprehensive Loss at December 31, 2020, expected to be recognized as components of net periodic benefit cost in the next year:

	Plan	Supplemental Plan
Amortization of prior service cost to be recognized in 2021	$—	$ 214
Amortization of loss to be recognized in 2021	965	1,079

Assumptions for the expected return on plan assets and discount rates in the Company's Plan and Supplemental Plan are periodically reviewed. As part of the review, management in consultation with independent consulting actuaries performs an analysis of expected returns based on the plan's asset allocation. This forecast reflects the Company's and actuarial firm's expected return on plan assets for each significant asset class or economic indicator. The range of returns developed relies on forecasts and on broad market historical benchmarks for expected return, correlation and volatility for each asset class. Also, as a part of the review, the Company's management in consultation with independent consulting actuaries performs an analysis of discount rates based on expected returns of high-grade fixed income debt securities.

Prior to December 31, 2019, the Company utilized a full yield curve approach in the estimation of the service and interest components of the net periodic pension cost by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to their underlying projected cash flows.

Beginning December 31, 2019, the discount rate was determined by preparing an analysis of the respective plan's expected future cash flows and high-quality fixed-income investments currently available and expected to be available during the period to maturity of the benefits. Mortality assumptions are based on the "RP 2015 Mortality Table projected with Scale MP 2016" in 2019 and the "Amount-weighted Pri-2012 White Collar Mortality Table, adjusted for mortality improvements with the Scale MP—2020 mortality improvement scale on a generational basis in 2020."

This methodology more accurately matches yields to the expected benefit payments than the previous method. The discount rate used is an estimate of the rate at which the plans could settle their obligations. Rather than using a rate and curve developed using a bond portfolio, this method selects individual bonds to match to the expected cash flows of the Plans. This provides a more accurate depiction of the true cost to the plans to settle the obligations as the Plans could theoretically go into the marketplace and purchase the specific bonds used in the analysis in order to settle the obligations of the Plans.

The financial impact of the enhanced estimate to the discount rate amounted to approximately $6,800,000 decrease in the projected benefit obligations for the combined plans at December 31, 2019.

The Company offers a 401(k) defined contribution plan for all employees reaching minimum age and service requirements. The plan is voluntary and employee contributions are matched by the Company at a rate of 33.3% for the first 6% of compensation contributed by each employee. The Company's match totaled $533,000 for 2020, $458,000 for 2019 and $454,000 for 2018. Administrative costs associated with the plan are absorbed by the Company.

Notes to Consolidated Financial Statements

During 2020, the Company entered into split dollar life insurance agreements with two of its key executives. These agreements require that insurance policies be maintained that would provide an aggregate of $15,000,000 of insurance to the executives. This benefit vests over ten years. The expense related to these agreements totaled $155,000 for 2020.

The Company has a cash incentive plan that is designed to reward our executives and officers for the achievement of annual financial performance goals of the Company as well as business line, department and individual performance. The plan supports the philosophy that management be measured for their performance as a team in the attainment of these goals. Discretionary bonus expense amounted to $2,529,000, $2,364,000, and $2,355,000 in 2020, 2019, and 2018, respectively.

The Company does not offer any postretirement programs other than pensions.

18. Commitments and Contingencies

A number of legal claims against the Company arising in the normal course of business were outstanding at December 31, 2020. Management, after reviewing these claims with legal counsel, is of the opinion that their resolution will not have a material adverse effect on the Company's consolidated financial position or results of operations.

19. Financial Instruments with Off-Balance-Sheet Risk

The Company is party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments primarily include commitments to originate and sell loans, standby letters of credit, unused lines of credit and unadvanced portions of construction loans. The instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheet. The contract or notational amounts of those instruments reflect the extent of involvement the Company has in these particular classes of financial instruments.

The Company's exposure to credit loss in the event of non-performance by the other party to the financial instrument for loan commitments, standby letters of credit and unadvanced portions of construction loans is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. Financial instruments with off-balance sheet risk at December 31 are as follows:

Contract or Notional Amount

(dollars in thousands)	**2020**	2019
Financial instruments whose contract amount represents credit risk		
Commitments to originate 1–4 family mortgages	**$ 28,163**	$ 13,806
Standby and commercial letters of credit	**5,344**	5,779
Unused lines of credit	**787,206**	625,524
Unadvanced portions of construction loans	**54,553**	11,062
Unadvanced portions of other loans	**13,767**	15,801

Commitments to originate loans, unadvanced portions of construction loans and unused letters of credit are generally agreements to lend to a customer provided there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the borrower.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance by a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

20. Other Operating Expenses

Year ended December 31, (dollars in thousands)	2020	2019	2018
Marketing	**$ 1,295**	$ 2,132	$ 2,346
Software maintenance/amortization	**2,580**	2,409	2,002
Legal and audit	**1,668**	1,514	1,444
Contributions	**870**	813	1,077
Processing services	**1,712**	1,875	1,740
Consulting	**1,151**	1,552	1,464
Postage and delivery	**896**	1,002	1,021
Supplies	**1,096**	985	987
Telephone	**1,012**	956	946
Directors' fees	**500**	456	478
Insurance	**464**	456	420
Pension	**1,859**	2,008	678
Other	**2,373**	1,744	1,685
Total	**$17,476**	$17,902	$16,288

21. Fair Values of Financial Instruments

The following methods and assumptions were used by the Company in estimating fair values of its financial instruments. Excluded from this disclosure are all non-financial instruments. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Company.

The assumptions used below are expected to approximate those that market participants would use in valuing these financial instruments.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial instrument, including estimates of timing, amount of expected future cash flows and the credit standing of the issuer. Such estimates do not consider the tax impact of the realization of unrealized gains or losses. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial instrument. Care should be exercised in deriving conclusions about our business, its value or financial position based on the fair value information of financial instruments presented below.

SECURITIES HELD-TO-MATURITY

The fair values of these securities were based on quoted market prices, where available, as provided by third-party investment portfolio pricing vendors. If quoted market prices were not available, fair values provided by the vendors were based on quoted market prices of comparable instruments in active markets and/or based on a matrix pricing methodology which employs The Bond Market Association's standard calculations for cash flow and price/yield analysis, live benchmark bond pricing and terms/condition data available from major pricing sources. Management regards the inputs and methods used by third party pricing vendors to be "Level 2 inputs and methods" as defined in the "fair value hierarchy" provided by FASB.

LOANS

The fair value of loans is estimated using the exit price notion consistent with Topic 820, Fair Value Measurement. Fair value is determined based on a discounted cash flow analysis. The discounted cash flow analysis was based on the contractual maturity of the loan and market indications of rates, prepayment speeds, defaults and credit risk. For certain non-performing assets fair value is determined based on the estimated values of the underlying collateral of individual analysis of receipts.

TIME DEPOSITS

The fair value of time deposits was estimated using a discounted cash flow approach that applies prevailing market interest rates for similar maturity instruments. The fair values of the Company's time deposit liabilities do not take into consideration the value of the Company's long-term relationships with depositors, which may have significant value.

Notes to Consolidated Financial Statements

OTHER BORROWED FUNDS

The fair value of other borrowed funds is based on the discounted value of contractual cash flows. The discount rate used is estimated based on the rates currently offered for other borrowed funds of similar remaining maturities.

SUBORDINATED DEBENTURES

The fair value of subordinated debentures is based on the discounted value of contractual cash flows. The discount rate used is estimated based on the rates currently offered for other subordinated debentures of similar remaining maturities.

The following presents (in thousands) the carrying amount, estimated fair value, and placement in the fair value hierarchy of the Company's financial instruments as of December 31, 2020 and December 31, 2019. This table excludes financial instruments for which the carrying amount approximates fair value. Financial assets for which the fair value approximates carrying value include cash and cash equivalents, FHLBB stock and accrued interest receivable. Financial liabilities for which the fair value approximates carrying value include deposits other than time deposits, securities sold under agreements to repurchase, and accrued interest payable.

			Fair Value Measurements		
(dollars in thousands)	Carrying Amount	Estimated Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
December 31, 2020					
Financial assets:					
Securities held-to-maturity	**$2,509,088**	**$2,579,103**	**$ —**	**$2,579,103**	**$ —**
Loans [(1)]	**2,960,343**	**2,902,390**	**—**	**—**	**2,902,390**
Financial liabilities:					
Time deposits	**546,143**	**556,470**	**—**	**556,470**	**—**
Other borrowed funds	**177,009**	**183,000**	**—**	**183,000**	**—**
Subordinated debentures	**36,083**	**36,083**	**—**	**36,083**	**—**
December 31, 2019					
Financial assets:					
Securities held-to-maturity	$2,351,120	$2,361,304	$ —	$2,361,304	$ —
Loans [(1)]	2,396,534	2,424,770	—	—	2,424,770
Financial liabilities:					
Time deposits	555,447	560,746	—	560,746	—
Other borrowed funds	370,955	374,531	—	374,531	—
Subordinated debentures	36,083	36,083	—	36,083	—

(1) Comprised of loans (including collateral dependent impaired loans), net of deferred loan costs and the allowance for loan losses.

LIMITATIONS

Fair value estimates are made at a specific point in time, based on relevant market information and information about the type of financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Bank's entire holdings of a particular financial instrument. Because no active market exists for some of the Bank's financial instruments, fair value estimates are based on judgments regarding future expected loss experience, cash flows, current economic conditions, risk characteristics and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions and changes in the loan, debt and interest rate markets could significantly affect the estimates. Further, the income tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on the fair value estimates and have not been considered.

22. Revenue from Contracts with Customers

Revenue from contracts with customers in the scope of ASC Topic 606 is measured based on the consideration specified in the contract with a customer, and excludes amounts collected on behalf of third parties. The Company recognizes revenue from contracts with customers when it satisfies its performance obligations.

The Company's performance obligations are typically satisfied as services are rendered, and our contracts do not include multiple performance obligations. Payment is generally collected at the time services are rendered, or monthly. Unsatisfied performance obligations at the report date are not material to our consolidated financial statements.

The Company pays sales commissions to its employees in accordance with certain incentive plans. The Company expenses sales commissions when incurred if we do not expect to recover these costs from the terms of the contract with the customer. Sales commissions are included in compensation expense.

In certain cases, other parties are involved with providing products and services to our customers. If the Company is a principal in the transaction (providing goods or services itself), revenues are reported based on the gross consideration received from the customer and any related expenses are reported gross in noninterest expense. If the Company is an agent in the transaction (arranging for another party to provide goods or services), the Company reports its net fee or commission retained as revenue.

Waivers and reversals are recorded as a reduction of revenue either when the revenue is recognized by the Company or at the time the waiver or reversal is earned by the customer.

A. Change in Accounting Policy

The Company adopted Topic 606 Revenue from Contracts with Customers with a date of initial application of January 1, 2018 and has applied the guidance to all contracts within the scope of Topic 606 as of that date. As a result, the Company has changed its accounting policy for revenue recognition as detailed in this footnote.

The Company applied Topic 606 using the cumulative effect method. Therefore, the comparative information has not been adjusted and continues to be reported under Topic 605. There was no cumulative effect adjustment as of January 1, 2018, and there were no material changes to the financial statements at or for the year ended December 31, 2018 as a result of adopting Topic 606.

B. Practical Expedients

The Company applies the practical expedient in paragraph 606-10-50-14 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

The Company applies the practical expedient in paragraph 606-10-32-18 and does not adjust the consideration from customers for the effects of a significant financing component if at contract inception the period between when the entity transfers the goods or services and when the customer pays for that good or service will be one year or less.

C. Nature of Goods and Services

The vast majority of the Company's revenue is specifically out-of-scope of Topic 606. For the revenue in-scope, the following is a description of principal activities, separated by the timing of revenue recognition, from which the Company generates its revenue from contracts with customers.

1. Revenue earned at a point in time—Examples of revenue earned at a point in time are ATM transaction fees, wire transfer fees, NSF fees, credit and debit card interchange fees and foreign exchange transaction fees. Revenue is generally derived from transactional information accumulated by our systems and is recognized as revenue immediately as the transactions occur or upon providing the service to complete the customer's transaction. The Company is the principal in each of these contracts, with the exception of credit and debit card

interchange fees, in which case we are acting as the agent and record revenue net of expenses paid to the principal.

2. Revenue earned over time—The Company earns revenue from contracts with customers in a variety of ways in which the revenue is earned over a period of time—generally monthly or quarterly. Examples of this type of revenue are deposit account service fees, lockbox fees, investment management fees, merchant referral services, and safe deposit box fees. Account service charges, management fees and referral fees are recognized on a monthly basis while any transaction based income is recorded as the activity occurs. Revenue is primarily based on the number and type of transactions or assets managed and is generally derived from transactional information accumulated by our systems. Revenue is recorded in the same period as the related transactions occur or services are rendered to the customer.

D. Disaggregation of Revenue

The following table presents total revenues as presented in the Consolidated Statements of Income and the related amounts which are from contracts with customers within the scope of Topic 606. As illustrated here, the vast majority of our revenues are specifically excluded from the scope of Topic 606.

(dollars in thousands)	**Year ended December 31, 2020**	**Revenue from Contracts in Scope of Topic 606**	Year ended December 31, 2019	Revenue from Contracts in Scope of Topic 606	Year ended December 31, 2018	Revenue from Contracts in Scope of Topic 606
Total net interest income	**$ 106,829**	**$ —**	$ 95,789	$ —	$ 92,576	$ —
Noninterest income:						
Service charges on deposit accounts	**8,818**	**8,818**	9,220	9,220	8,560	8,560
Lockbox fees	**3,745**	**3,745**	3,973	3,973	3,274	3,274
Brokerage commissions	**271**	**—**	277	—	348	—
Net gains on sales of securities	**—**	**—**	61	—	302	—
Gains on sales of mortgage loans	**—**	**—**	412	—	—	—
Other income	**6,266**	**2,132**	4,456	2,799	3,764	2,536
Total noninterest income	**19,100**	**14,695**	18,399	15,992	16,248	14,370
Total revenues	**$ 125,929**	**$ 14,695**	$ 114,188	$ 15,992	$ 108,824	$ 14,370

The following table provides information about receivables with customers.

December 31, (dollars in thousands)	**2020**	2019
Receivables, which are included in “Other assets”	**$1,397**	$1,200

23. Leases

The Company has operating leases primarily for branch locations as well as data processing centers. The Company’s operating leases have remaining lease terms of 1 year to 31 years, some of which include options to extend the leases for up to 10 years, and some of which include options to terminate the leases within 1 year. The Company also has one sublease for part of a data processing center that the Company currently leases from a lessor. The sublease expires in 2022 with an option to terminate and no option to extend. Lease income, for the sublease, totaled approximately $40,000 for the year ended December 31, 2020. Variable lease costs

Notes to Consolidated Financial Statements

include costs that are not included in the lease liability.

The components of lease expense were as follows:

Year Ended December 31, (in thousands)	2020	2019
Operating lease cost	**$2,179**	$2,216
Variable lease cost	**579**	528
Total lease cost	**$2,758**	$2,744

Supplemental cash flow information related to leases was as follows:

Year Ended December 31, (in thousands)	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	**$2,085**	$2,130
Right-of-use assets obtained in exchange for new lease obligations:		
Operating leases	**$3,044**	$ 138

Supplemental balance sheet information related to leases was as follows:

Year Ended December 31, (in thousands, except lease term and discount rate)	2020	2019
Operating Leases:		
Operating lease right-of-use assets	**$ 13,713**	$ 12,521
Operating lease liabilities	**$ 13,935**	$ 12,690
Weighted Average Remaining Lease Term:		
Operating Leases	**10 Years**	11 Years
Weighted Average Discount Rate:		
Operating Leases	**3.1%**	3.5%

The Company is obligated under a number of non-cancelable operating leases for premises and equipment expiring in various years through 2030. Total lease expense approximated $2,758,000, $2,744,000 and $2,601,000 for the years ended December 31, 2020, 2019 and 2018, respectively. Included in lease expense are amounts paid to a company affiliated with Barry R. Sloane, Chairman, President and CEO, and Linda Sloane Kay, Vice Chair, amounting to $439,000, $458,000 and $444,000, respectively. Rental income approximated $658,000, $419,000 and $373,000 in 2020, 2019 and 2018, respectively.

A summary of future payments of lease liabilities were as follows:

Year Ending December 31, (in thousands)	Minimum Rental Payments 2020	2019
2020	**$ —**	$ 2,030
2021	**2,156**	1,754
2022	**1,995**	1,603
2023	**1,962**	1,545
2024	**1,692**	1,277
2025	**1,471**	—
Thereafter	**7,394**	7,312
Total lease payments	**$16,670**	$15,521
Less imputed interest	**(2,735)**	(2,831)
Present value of lease liability	**$13,935**	$12,690

Notes to Consolidated Financial Statements

24. Quarterly Results of Operations (unaudited)

2020 Quarters (in thousands, except share data)	Fourth	Third	Second	First
Interest income	$ 36,617	$ 36,504	$ 36,120	$ 39,795
Interest expense	8,138	9,173	10,302	14,594
Net interest income	28,479	27,331	25,818	25,201
Provision for loan losses	2,150	900	1,700	1,075
Net interest income after provision for loan losses	26,329	26,431	24,118	24,126
Other operating income	6,580	4,169	4,041	4,310
Operating expenses	20,106	18,167	17,042	18,173
Income before income taxes	12,803	12,433	11,117	10,263
Provision for income taxes	1,203	1,546	1,061	597
Net income	$ 11,600	$ 10,887	$ 10,056	$ 9,666
Share data:				
Average shares outstanding, basic				
Class A	3,655,469	3,655,469	3,652,469	3,652,349
Class B	1,912,440	1,912,440	1,915,440	1,915,560
Average shares outstanding, diluted				
Class A	5,567,909	5,567,909	5,567,909	5,567,909
Class B	1,912,440	1,912,440	1,915,440	1,915,560
Earnings per share, basic				
Class A	$ 2.52	$ 2.36	$ 2.18	$ 2.10
Class B	$ 1.26	$ 1.18	$ 1.09	$ 1.05
Earnings per share, diluted				
Class A	$ 2.08	$ 1.96	$ 1.81	$ 1.74
Class B	$ 1.26	$ 1.18	$ 1.09	$ 1.05

Notes to Consolidated Financial Statements

2019 Quarters (in thousands, except share data)	Fourth	Third	Second	First
Interest income	$ 40,518	$ 39,852	$ 39,692	$ 39,077
Interest expense	15,187	16,082	16,442	15,639
Net interest income	25,331	23,770	23,250	23,438
Provision for loan losses	550	75	250	375
Net interest income after provision for loan losses	24,781	23,695	23,000	23,063
Other operating income	4,689	4,286	4,997	4,427
Operating expenses	18,212	17,462	18,264	18,190
Income before income taxes	11,258	10,519	9,733	9,300
Provision for income taxes	526	435	267	(118)
Net income	$ 10,732	$ 10,084	$ 9,466	$ 9,418
Share data:				
Average shares outstanding, basic				
Class A	3,650,949	3,650,449	3,620,449	3,610,329
Class B	1,916,960	1,917,460	1,947,460	1,957,580
Average shares outstanding, diluted				
Class A	5,567,909	5,567,909	5,567,909	5,567,909
Class B	1,916,960	1,917,460	1,947,460	1,957,580
Earnings per share, basic				
Class A	$ 2.33	$ 2.19	$ 2.06	$ 2.05
Class B	$ 1.16	$ 1.09	$ 1.03	$ 1.03
Earnings per share, diluted				
Class A	$ 1.93	$ 1.81	$ 1.70	$ 1.69
Class B	$ 1.16	$ 1.09	$ 1.03	$ 1.03

25. Parent Company Financial Statements

The balance sheets of Century Bancorp, Inc. ("Parent Company") as of December 31, 2020 and 2019 and the statements of income and cash flows for each of the years in the three-year period ended December 31, 2020, are presented below. The statements of changes in stockholders' equity are identical to the consolidated statements of changes in stockholders' equity and are therefore not presented here.

BALANCE SHEETS

December 31, (dollars in thousands)	**2020**	2019
ASSETS:		
Cash	**$ 5,141**	$ 3,177
Investment in subsidiary, at equity	**389,724**	353,489
Other assets	**15,920**	16,325
Total assets	**$ 410,785**	$ 372,991
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Liabilities	**$ 4,293**	$ 4,327
Subordinated debentures	**36,083**	36,083
Stockholders' equity	**370,409**	332,581
Total liabilities and stockholders' equity	**$ 410,785**	$ 372,991

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STATEMENTS OF INCOME

Year Ended December 31, (dollars in thousands)	2020	2019	2018
Income:			
Dividends from subsidiary	**$ 5,000**	$ 5,000	$ 4,750
Other income	**25**	65	53
Total income	**5,025**	5,065	4,803
Interest expense	**951**	1,577	1,474
Operating expenses	**235**	215	225
Income before income taxes and equity in undistributed income of subsidiary	**3,839**	3,273	3,104
Benefit from income taxes	**(244)**	(363)	(347)
Income before equity in undistributed income of subsidiary	**4,083**	3,636	3,451
Equity in undistributed income of subsidiary	**38,126**	36,063	32,762
Net income	**$42,209**	$39,699	$36,213

STATEMENTS OF CASH FLOWS

December 31, (dollars in thousands)	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	**$ 42,209**	$ 39,699	$ 36,213
Adjustments to reconcile net income to net cash provided by operating activities			
Undistributed income of subsidiary	**(38,126)**	(36,063)	(32,762)
Decrease (increase) in other assets	**405**	665	(158)
(Decrease) increase in liabilities	**(34)**	(180)	(1,808)
Net cash provided by (used in) operating activities	**4,454**	4,121	1,485
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash dividends paid	**(2,490)**	(2,207)	(2,203)
Net cash used in financing activities	**(2,490)**	(2,207)	(2,203)
Net (decrease) in cash	**1,964**	1,914	(718)
Cash at beginning of year	**3,177**	1,263	1,981
Cash at end of year	**$ 5,141**	$ 3,177	$ 1,263

Report of Independent Registered Public Accounting Firm

KPMG LLP

Two Financial Center

60 South Street

Boston, Massachusetts 02111-2759

To the Stockholders and Board of Directors
Century Bancorp, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Century Bancorp, Inc. and subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 10, 2021 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we

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are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Allowance for loan losses related to loans collectively evaluated for impairment

As discussed in Notes 1 and 6 to the consolidated financial statements, the Company's allowance for loan losses related to loans collectively evaluated for impairment (ALL) was $34.9 million of a total allowance for loan losses of $35.5 million as of December 31, 2020. The methodology used to determine the ALL estimate consists of both formula allowances and qualitative factors. The formula allowances are based on historical loss data that evaluate homogenous loans by portfolio segment over a loss emergence period. Historical loss data and loss emergence periods are developed based on the Company's historical experience or when limited internal data is available, based on data published by external rating agencies. Individual loans within the commercial and industrial, municipal, commercial real estate and real estate construction loan portfolio segments are assigned internal or external risk ratings to further segment the portfolios. For these loans, the formula allowances are based on the risk ratings, historical loss data, and the loss emergence period. In addition, adjustments for qualitative factors are made to the formula allowances when market risk factors and unique portfolio risk factors are identified which could impact the degree of loss sustained within the portfolio. These factors include market risk factors and unique portfolio risk factors that are inherent characteristics of the Company's loan portfolio and are not captured in the formula allowances.

We identified the assessment of the ALL as a critical audit matter. A high degree of audit effort, including specialized skills and knowledge, and subjective and complex auditor judgment was involved in the assessment of the ALL because of significant measurement uncertainty. Specifically, the assessment included an evaluation of the overall ALL methodology used to estimate (1) the formula allowances, including the relevance and reliability of certain key inputs and assumptions: portfolio segmentation, internal and external risk ratings assigned to commercial loans, loss emergence periods for each loan segment, and the internal and external historical loss data, and (2) the qualitative factors, including the relevance and reliability of the judgments and supporting documentation for each factor. In addition, auditor judgment was required to evaluate the sufficiency of audit evidence obtained.

The following are the primary procedures we performed to address the ALL. We evaluated the design and tested the operating effectiveness of certain internal controls related to the assessment of the ALL, including controls related to the:

- development of the ALL methodology
- development of the formula allowances and the key inputs and assumptions
- development of the qualitative factors
- analysis of the ALL results, trends and ratios.

We evaluated the Company's process to develop the ALL estimate. Specifically, we tested the sources of the key inputs and assumptions that the Company used by considering whether they are relevant and reliable. We tested the qualitative factors and related adjustments by evaluating trends in the total ALL, including the qualitative factor adjustments, for consistency with trends in loan portfolio growth and credit performance.

In addition, we involved credit risk professionals with specialized skills and knowledge who assisted in evaluating:

- the Company's ALL methodology for compliance with U.S. generally accepted accounting principles
- the appropriateness of the method used to develop the formula allowances, including relevance and reliability of inputs used to develop the loss emergence period assumptions

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- whether the loan portfolio is appropriately segmented by similar risk characteristics by comparing it to the Company's business environment and relevant industry practices
- the relevance of internal and external historical loss data and whether it was representative of the credit characteristics of the current portfolio
- internal risk ratings for a sample of individual commercial loans, by evaluating the financial performance of the borrower, sources of repayment, and any relevant guarantees or underlying collateral
- the determination of the qualitative factors, including the data and assumptions used and challenged whether alternative data or assumptions should have been utilized, and the effect of those factors on the ALL compared with relevant credit risk factors and consistency with credit trends.

We also assessed the sufficiency of the audit evidence obtained related to the ALL by evaluating the:

- cumulative results of the audit procedures
- qualitative aspects of the Company's accounting practices
- potential bias in the accounting estimate.

KPMG LLP

We have served as the Company's auditor since 1982.

Boston, Massachusetts

March 10, 2021

Report of Independent Registered Public Accounting Firm

KPMG LLP

Two Financial Center

60 South Street

Boston, Massachusetts 02111-2759

To the Stockholders and Board of Directors
Century Bancorp, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Century Bancorp, Inc. and subsidiaries (the Company) internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements), and our report dated March 10, 2021 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control Over Financial Reporting* . Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable

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assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

KPMG LLP

Boston, Massachusetts

March 10, 2021

Management's Report on Internal Control Over Financial Reporting

CENTURY BANCORP, INC.

400 Mystic Avenue
Medford, Massachusetts 02155

We, together with the other members of executive management of Century Bancorp, Inc. and our subsidiary (the "Company"), are responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control system was designed to provide reasonable assurance to the Company's management and board of directors regarding the preparation and fair presentation of published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2020. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control—Integrated Framework (2013).* Based on our assessment, we believe that, as of December 31, 2020, the Company's internal control over financial reporting is effective based on those criteria.

The Company's independent registered public accounting firm has issued an audit report on the effectiveness of the Company's internal control over financial reporting. Their report appears on page 100.

Barry R. Sloane	William P. Hornby, CPA
Chairman, President & CEO	Chief Financial Officer & Treasurer

March 10, 2021

PART III

ITEM 10. *DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE*

The directors of the Company and their ages are as follows:

Name	Age	Position
George R. Baldwin	77	Director, Century Bancorp, Inc., and Century Bank and Trust Company
Dr. O'Neil A. Britton	51	Director, Century Bancorp, Inc., and Century Bank and Trust Company
Stephen R. Delinsky	76	Director, Century Bancorp, Inc., and Century Bank and Trust Company
Louis J. Grossman	71	Director, Century Bancorp, Inc., and Century Bank and Trust Company
Russell B. Higley, Esquire	81	Director, Century Bancorp, Inc., and Century Bank and Trust Company
Jackie Jenkins-Scott	71	Director, Century Bancorp, Inc., and Century Bank and Trust Company
Linda Sloane Kay	59	Vice Chair of the Board, Century Bancorp, Inc., and Century Bank and Trust Company
Fraser Lemley	80	Director, Century Bancorp, Inc., and Century Bank and Trust Company
Joseph P. Mercurio	72	Director, Century Bancorp, Inc., and Century Bank and Trust Company
Dr. Anthony P. Monaco	61	Director, Century Bancorp, Inc., and Century Bank and Trust Company
Joseph J. Senna, Esquire (Resigned January 2021)	81	Director, Century Bancorp, Inc., and Century Bank and Trust Company
Jo Ann Simons	67	Director, Century Bancorp, Inc., and Century Bank and Trust Company
Barry R. Sloane	65	Chairman of the Board, President and Chief Executive Officer, Century Bancorp, Inc. and Century Bank and Trust Company

Mr. Baldwin became a director of the Company in 1996. He has been a director of Century Bank and Trust Company since 1995. Mr. Baldwin is President and CEO of G. Baldwin & Co., a financial service firm. He was formerly CEO, Owner and Director of Kaler Carney Liffler, a multi-state regional insurance agency; and subsequently he became Chairman of the New England area of Arthur J. Gallagher & Co., America's third largest insurance broker. Mr. Baldwin's extensive three-decade background in banking and insurance is relevant to Century's insurance and financial customers and qualifies him to continue to serve as a director of the Company.

Dr. Britton became a director of the Company and of Century Bank and Trust Company in 2020. Dr. Britton has served as Chief Medical Officer and Senior Vice President at Massachusetts General Hospital since 2016. Dr. Britton's experience in the healthcare field, which is relevant to certain customer relationships of the Company, has qualified him to serve as director of the Company.

Mr. Delinsky became a director of the Company and of Century Bank and Trust Company in 2013. He was an attorney with the law firm of Clark, Hunt, Ahearn & Embry until the end of June 2019. Prior to that, Mr. Delinsky was an attorney at the law firm of Eckert Seamans Cherin & Mellott, LLC. Currently, he's an attorney in private practice. Mr. Delinsky's experience as an attorney, and expertise in civil and criminal trial experience in state and federal courts, has qualified him to serve as director of the Company.

Mr. Grossman became a director of the Company and of Century Bank and Trust Company in January 2016. Mr. Grossman has been President and Treasurer of The Grossman Companies, Inc. since 1980, when he and his father, Morton, purchased the family real estate business. In January 2015 he became Chairman. Mr. Grossman's experience and expertise in real estate, which is relevant to customer relationships of the Company, qualifies him to serve as director of the Company.

Mr. Higley became a director of the Company in 1996. He has been a director of Century Bank and Trust Company since 1986. Mr. Higley is an attorney in private practice. Mr. Higley's experience as an attorney and expertise in the real estate industry, which is relevant to real estate customers of the Company, has qualified him to serve as director of the Company. Also, his tenure and experience as a director of the Company has qualified him to continue to serve.

Ms. Jenkins-Scott became a director of the Company and of Century Bank and Trust Company in 2006. Ms. Jenkins-Scott is past President of Boston's Wheelock College. Ms. Jenkins-Scott's experience as President of a college and expertise in the educational field as well as President and CEO of a non-profit entity, which is relevant to certain customer relationships of the Company, has qualified her to serve as director of the Company. Also, her tenure and experience as a director of the Company has qualified her to continue to serve.

Ms. Sloane Kay became a director of the Company in 2005. Ms. Kay joined Century Bank and Trust Company in 1983 as Assistant Vice President and currently serves as Vice Chair of the Board. Ms. Kay's experience in senior management, business development, customer relationships and tenure at Century Bank and Trust Company has qualified her to serve as Vice Chair of the Board of the Company.

Mr. Lemley became a director of the Company in 1996. He has been a director of Century Bank and Trust Company since 1988. Mr. Lemley is Chairman of the Board and CEO of Sentry Auto Group. Mr. Lemley's experience as CEO of a company and expertise in the automotive industry, which is relevant to certain other customers in the automotive industry of the Company, has qualified him to serve as director of the Company. Also, his tenure and experience as a director of the Company has qualified him to continue to serve.

Mr. Mercurio became a director of the Company in 1990 and a director of Century Bank and Trust Company in 1995 and voluntarily resigned in 2004. He was then re-elected in 2010. In December 2010, Mr. Mercurio retired as Executive Vice President of Boston University having completed 38 years of service. He subsequently served as Senior Vice President for Administration and Finance and Senior Advisor to the President at Quincy College; and now serves as an independent consultant in the field of higher administration and education. Mr. Mercurio's experience in the educational field, which is relevant to certain customer relationships of the Company, has qualified him to serve as director of the Company. Also, his tenure and experience as a director of the Company has qualified him to continue to serve.

Dr. Monaco became a director of the Company and of Century Bank and Trust Company in 2020. Dr. Monaco has served as President of Tufts University since 2011. President Monaco's experience in the educational and non-profit fields, which is relevant to certain customer relationships of the Company, has qualified him to serve as director of the Company.

Mr. Senna became a director of the Company in 1986. He has been a director of Century Bank and Trust Company since 1979. Mr. Senna is an attorney and managing partner of C&S Capital Properties, LLC, a real estate management and development firm. Mr. Senna's experience as an attorney and expertise in the real estate industry, which is relevant to real estate related customers in addition to his years of service as Chairman of the Audit Committee, has qualified him to serve as director of the Company. Also, his tenure and experience as a director of the Company has qualified him to continue to serve. Mr. Senna resigned from the Board of Century Bancorp, Inc. and Century Bank and Trust Company January 2021.

Ms. Simons became a director of the Company and a director of Century Bank and Trust Company in January 2016. Ms. Simons has served as CEO of Northeast Arc since 2016, and was President and CEO of Cardinal Cushing Centers, Inc. from 2008 through January 2016. Previously she served as the Executive Director of Communities. She has numerous nonprofit Board experience with regional and national organizations. These nonprofit organizations specialize in the support of individuals with disabilities. Ms. Simons' experience and expertise with nonprofit organizations, which is relevant to customer relationships of the Company, qualifies her to serve as director of the Company.

Mr. Barry R. Sloane has been a director of the Company and Century Bank and Trust Company since 1997. Mr. Sloane is Chairman, President and CEO of Century Bancorp and Chairman, President and CEO of Century Bank and Trust Company. Mr. Sloane is also Treasurer and a Trustee of the Savings Bank Employee Retirement System (SBERA). Mr. Sloane's experience at the Company as well as his experience at other financial services companies and expertise in the financial services industry has qualified him to serve as Chairman of the Board.

All of the Company's directors are elected annually and hold office until their successors are duly elected and qualified. A majority of the members of the Company's Board of Directors have been determined by the Company's Board of Directors to be independent within the meaning of current NASDAQ listing standards. There are no family relationships between any of the directors or executive officers, except that Barry R. Sloane and Linda Sloane Kay are siblings.

Executive officers are elected annually by the Board prior to the Annual Meeting of Shareholders to serve for a one year term and until their successors are elected and qualified. The following table sets forth the name and age of each executive officer of the Company and the principal positions and offices he/she holds with the Company.

Barry R. Sloane	Chairman, President and CEO; Chairman, President and CEO, Century Bank and Trust Company. Mr. Sloane is 65 years old.
Linda Sloane Kay	Vice Chair; Vice Chair, Century Bank and Trust Company. Ms. Sloane Kay is 59 years old. She joined the Company in 1983.
William P. Hornby	Chief Financial Officer and Treasurer; Chief Financial Officer and Treasurer, Century Bank and Trust Company. Mr. Hornby is 54 years old. He joined the Company in 2007.
Paul A. Evangelista	Executive Vice President, Century Bank and Trust Company with responsibility for retail, operations and marketing. Mr. Evangelista is 57 years old. He joined the Company in 1999.
David B. Woonton	Executive Vice President, Century Bank and Trust Company with responsibility for lending. Mr. Woonton is 65 years old. He joined the Company in 1999.

The Audit Committee

The Audit Committee meets with KPMG LLP, the Company's independent registered public accounting firm, in connection with the annual audit and quarterly reviews of the Company's financial statements. The Audit Committee was composed of four directors during 2020, Joseph J. Senna, Chair (resigned January 2021), Stephen R. Delinsky, Chair, Jo Ann Simons, and Joseph P. Mercurio, each of whom the Board of Directors has determined is independent under current NASDAQ listing standards. Also, Dr. O'Neil Britton was elected to the audit committee in February 2021 and the Board of Directors has determined that he is independent under current NASDAQ listing standards. The Board of Directors has determined that Mr. Senna and Ms. Jo Ann

Simons qualify as “audit committee financial experts”, as that term is defined in Item 407(d)(5) of Regulation S-K promulgated by the SEC. The Audit Committee reviews the findings and recommendations of the FRB, FDIC, and the Massachusetts Division of Banks in connection with their examinations and the internal audit reports and procedures for the Company and its subsidiaries. The Audit Committee met five times during 2020.

Audit Committee Report

The Audit Committee of the Company’s Board of Directors is responsible for providing independent, objective oversight of the Company’s accounting functions and internal controls. The Audit Committee reviews: the financial information provided to shareholders and others; the systems of internal controls regarding finance, accounting, legal/regulatory compliance, and ethics; and the audit and financial reporting processes. The Audit Committee operates under a written charter first adopted and approved by the Board of Directors in 2000. The Audit Committee has reviewed and reassessed its Charter. A copy of the Audit Committee Charter was last published in the Form 10-K for the period ending December 31, 2019.

Management is responsible for the Company’s internal controls and financial reporting process. The independent registered public accounting firm is responsible for performing an independent audit of the Company’s consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and to issue their reports thereon. The Audit Committee’s responsibility is to monitor and oversee these processes.

The Audit Committee has reviewed and discussed the audited financial statements with management and the independent registered public accounting firm. The Audit Committee has also discussed with KPMG LLP, the independent registered public accounting firm for the Company, the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board (PCAOB) and the SEC.

The Audit Committee has also received the written disclosures and the letter from KPMG LLP as required by the PCAOB. The Audit Committee has discussed with KPMG LLP the firm’s independence, including a review of audit and non-audit fees and services, and concluded that KPMG LLP is independent.

Based on the review and discussions referred to in the paragraph above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in the Company’s Annual Report on Form 10-K for the last fiscal year for filing with the Securities and Exchange Commission.

/s/ Stephen R. Delinsky, Chair
/s/ Jo Ann Simons
/s/ Joseph P. Mercurio
/s/ Dr. O’Neil A. Britton

Nominating Committee

The Company’s Nominating Committee has three director members, Stephen R. Delinsky, Fraser Lemley and Louis J. Grossman, each of whom the Board of Directors has determined to be independent under the NASDAQ current listing standards. The Nominating Committee operates pursuant to a written policy. The nominating committee implements the process by identifying a potential candidate and evaluating whether the candidate is eligible and qualified for service. The Committee has developed criteria for the selection of new directors to the Board, including but not limited to, diversity, age, skills, experience, time availability (including the number of other boards a director candidate sits on), NASDAQ listing standards, applicable federal and state laws and regulations, Board and Company needs and such other criteria as the Committee shall determine to be relevant. The committee’s effectiveness is assessed by reviewing existing Board of Directors attendance and performance; experience, skills and contributions that the existing Director brings to the Board; and independence, prior to nominating an existing director for reelection.

Board Leadership Structure

Barry R. Sloane is the Chairman of the Board, President and CEO. Linda Sloane Kay is Vice Chair of the Board.

Oversight of Risk

The Board oversees risk through various Board Committees which report directly to the Board. Also, various committees comprised of Company management report to the Board.

The principal Board Committees responsible for overseeing the various elements of risk are the Audit Committee, the Asset Liability Committee and the Executive Committee. The Audit Committee is responsible for monitoring all elements of risk, primarily through its oversight of the internal audit program. The Asset Liability Committee monitors interest rate risk principally through management's models and simulations. The Executive Committee monitors credit risk through its review of large originators, classified assets, and the calculation of the allowance for loan losses and concentrations of credits.

The principal committees comprised of management are Management Committee, Corporate Risk Management Committee, Loan Approval Committee and Asset Liability Pricing Committee. Management Committee is comprised of senior management and is responsible for overseeing all elements of risk. The Corporate Risk Management Committee meets quarterly to address specific elements of risk. Loan Approval Committee is responsible for overseeing credit risk. The Asset Liability Committee oversees interest rate risk. The committees comprised of management report to the Board of Directors, as needed, through senior management's attendance and reporting at Board of Directors meetings.

Code of Ethics

The Company has adopted a Code of Ethics that applies to its principal executive officer, principal financial officer, principal accounting officer or persons performing similar functions. A copy of the Company's Code of Ethics may be obtained upon written request to Investor Relations, Century Bancorp, Inc., 400 Mystic Avenue, Medford, Massachusetts 02155.

Delinquent Section 16(a) Reports

Based solely on a review of Forms 4 filed with the SEC during the fiscal year ended December 31, 2020, the Company believes a beneficial owner of more than 10% of the Company's Class A Common Stock, James J. Filler filed 35 (thirty-five) late reports covering 90 (ninety) transactions that were not reported on a timely basis.

ITEM 11. *EXECUTIVE COMPENSATION*

The following is a discussion and analysis of our executive compensation policies and practices with respect to compensation reported for fiscal year 2020.

Introduction

The following discussion and analysis includes separate sections on:

- The Composition and Responsibilities of the Compensation Committee
- The Company's Executive Compensation Conclusion
- Compensation Discussion and Analysis (CD&A)
- Philosophy and Objectives of the Company

- Compensation Process
- Compensation Consultant
- Compensation Components
- Post-Employment Compensation
- Chief Executive Officer Compensation
- Executive Officer Compensation
- Employment Agreements
- Report of the Compensation Committee

Composition and Responsibilities of the Compensation Committee

The Compensation Committee is a committee of the Board of Directors composed of Fraser Lemley as Chairman, Joseph Mercurio and Jo Ann Simons, each of whom the Board has determined is independent as defined by the NASDAQ listing rules.

The Compensation Committee oversees compensation programs applicable to employees at all levels of the Company and makes decisions regarding executive compensation that is intended to align total compensation with business objectives and enable the Company to attract, retain and reward individuals who are contributing to the Company's success.

The Compensation Committee reviews the Company's cash incentive, retirement, and benefit plans and makes its recommendations to the Board with respect to these areas.

All decisions with respect to executive and director compensation are approved by the Compensation Committee and recommended to the full Board for ratification.

The Company's Executive Compensation Conclusion

Based upon review, the Compensation Committee and the Board of Directors found the Company's Chief Executive Officer's, the Chief Financial Officer's and the other Named Executive Officers' total compensation to be reasonable. In addition to the other factors noted, the Committee and the Board considered that the Company maintains only one change of control provision and did not award stock incentive awards for fiscal year 2020. It should be noted that when the Committee and the Board considers any component of executive compensation, the mix and aggregate amounts of all components are taken into consideration.

Compensation Discussion and Analysis (CD&A)

Philosophy and Objectives of Company

The Company's executive compensation philosophy is based on the following principles:

- Compensation programs should be designed to attract and retain executives, to motivate them to achieve and to reward them appropriately for their performance.
- Compensation should be competitive and equitable in light of the executive's responsibilities, experience, and performance.
- Provide annual compensation that takes into account the Company's performance with respect to its financial and strategic objectives, the performance of functions and business areas under the executive's management and the results of established goals;

- Align the financial interests of the executive with those of shareholders by providing both short-term and long-term incentives;
- Offer a total compensation program for each executive based on (i) the level of responsibility of the executive’s position, (ii) the experience and skills necessary relative to the other senior management positions, (iii) comparison of compensation to similarly positioned executives of peer financial institutions; and
- Evaluate the overall compensation of our executives in light of general economic and specific company, industry and competitive considerations.

Compensation Process

The Company maintains governance practices to ensure that it can reach its compensation-related decisions in an informed and appropriate manner.

Base salaries, which are the Company’s major element of compensation, are reviewed for executive officers and employees at the regularly scheduled fall meeting of the Compensation Committee. At this meeting the Committee also reviews and adopts, as appropriate, proposals for the discretionary officer cash incentive plan for the new fiscal year, as well as, additions, amendments, modifications or terminations of retirement and benefit programs.

The Compensation Committee’s process incorporates the following:

- The Committee operates under a written charter which is periodically reviewed.
- The Committee meets with representatives of management to review and discuss prepared materials and issues.
- The Committee considers recommendations from the Chief Executive Officer with respect to the compensation of the Company’s Named Executive Officers.
- Our independent compensation consultant attends Committee meetings as requested.
- The Committee meets and deliberates privately without management present. Our consultant participates in these sessions as requested.
- The Committee may consult with the non-management and independent directors regarding decisions affecting Executive compensation.
- The Committee reports the Committee’s major actions to the entire Board at the Board of Director’s meeting in December or the following January.
- The Committee recommends for approval to the Board of Directors the fees for our Board and Board Committees.
- The Board of Directors then considers the report of the Compensation Committee and accepts or amends and approves or ratifies all matters presented for consideration.

To the extent permitted by applicable law, the Committee or the Board may delegate to management certain of its duties and responsibilities, including with respect to the adoption, amendment, modification or termination of benefit plans and with respect to the awards of stock options under certain stock plans.

Compensation Consultant

When making determinations regarding the compensation paid to our executives the Compensation Committee and the Board of Directors rely, in part, on the expertise of our independent compensation consultant, Thomas Warren & Associates, to conduct an assessment of our executive compensation. In addition to conferring with certain executives, the consultant works with internal company support staff to obtain compensation and market data. Thomas Warren & Associates identifies a group of peer companies in consideration of such factors as asset size, geography, type of financial services offered and the complexity and scope of operations and makes use of executive compensation comparisons, published surveys and peer analyses.

The Compensation Committee and the Board of Directors took Thomas Warren & Associates' recommendations into consideration when setting base salaries, bonuses and other benefits for fiscal 2020.

Compensation Components

With respect to Executive compensation, the Company reviews the mix of base salary, cash incentive plans and benefits for our individual executives, however, there is no specific formula for allocating between cash and non-cash compensation. The competitiveness of total compensation potential for our executives is reviewed against industry practices and the Company's peers as identified by our independent compensation consultant. The major elements of the Company's executive compensation package (i.e., base salary, cash and incentive plans) are similar to those found in many companies.

Base Salary Compensation:

When evaluating executive base salary compensation, the Company takes into consideration such factors as:

- The attainment of business and strategic goals and the financial performance of the Company;
- The importance, complexity, and level of responsibility of the executive's position within the organizational structure;
- The performance of the executive's business area's goals and the accomplishment of objectives for the previous year;
- The difficulty of achieving desired results;
- The value of the executive's unique skills, abilities and general management capabilities to support the long-term performance of the Company;
- The executive's contribution as a member of the Executive Management Team.

While the Company reviews numerous quantitative and qualitative factors noted above when determining executive base salary compensation, the performance of the Company's stock is not generally considered a factor in this determination as the price of the Company's common stock is subject to various factors beyond the Company's control. The Company believes that the price of the stock in the long-term will reflect the Company's operating performance and how well our executives manage the Company.

Ultimately, the Compensation Committee and the Board of Directors have the authority to use discretion when making executive compensation determinations after review of all the information that they deem relevant.

Cash Incentive Plan:

The Company has a discretionary cash incentive plan that is designed to reward our executives and officers for the achievement of annual financial performance goals of the Company as well as business line, department and individual performance. The plan supports the philosophy that management be measured for their performance as a team in the attainment of these goals.

Awards are based upon the attainment of established objectives including profitability, expense control, sales volumes and overall job performance. Awards are generally not granted unless the Company achieves certain financial targets.

Upon recommendation of the Compensation Committee, the Board of Directors determines the aggregate amount, if any, to be awarded. In recognition of the Company's solid performance, discretionary awards were granted for fiscal 2020. Awards for the Chief Executive Officer and the other Named Executive Officers were reviewed and approved by the Board of Directors and are noted on the Summary Compensation Table.

Post-Employment Compensation

Defined Benefit Pension Plan:

The Company had a qualified Defined Benefit Pension Plan which had been offered to all employees reaching a minimum age and service requirement. In 2006 the Bank became a member of the Savings Bank Employee Retirement Association ("SBERA") within which it maintains the qualified Defined Benefit Pension Plan. SBERA offers a common and collective trust as the underlying investment structure for pension plans participating in SBERA. The Trustee of SBERA, through SBERA's Investment Committee, selects investment managers for the common and collective trust portfolio. A professional advisory firm is retained by the Investment Committee to provide allocation analysis, performance measurement and to assist with manager searches. The overall investment objective is to diversify equity investments across a spectrum of investment types. (e.g. small cap, large cap, international, etc.) and styles (e.g. growth, value, etc.). The Company has closed the plan to employees hired after March 31, 2006.

Benefits under the plan are based upon an employee's years of service and career average compensation. The 2020 increase in the actuarial present value of each Named Executive Officer's accumulated benefit under the plan is set forth in the Summary Compensation Table which appears on page 114 and the actuarial present value of each Named Executive Officer is set forth in the Pension Benefits Table which appears on page 115.

401(k) Plan:

Our executives are eligible to participate in the Company's 401(k) contributory defined contribution plan. The Company contributes a matching contribution equal to 33.33% on the first 6% of the participant's compensation that has been contributed to the plan. Our Named Executive Officers participated in the 401(k) plan during fiscal 2020 and received matching contributions up to a maximum of $5,700. The plan is currently administered by SBERA and BPAS.

Supplemental Executive Insurance/Retirement Income Plan:

The Company has a Supplemental Executive Insurance/Retirement Plan (the Supplemental Plan) which is limited to select officers and employees of the Company.

Executive officers of the Company or its subsidiaries who have at least one year of service may participate in the Supplemental Plan. The Supplemental Plan is voluntary, and participants are required to contribute to its cost. Under the Supplemental Plan, each participant will receive a retirement benefit based on compensation and length of service. Individual life insurance policies, which are owned by the Company, are purchased covering the lives of each participant.

Benefits under the Supplemental Plan are based upon an employee's years of service and average compensation over the highest thirty-six (36) consecutive months. The 2020 increase in the actuarial present value of each Named Executive Officer's accumulated benefit under the Supplemental Plan is set forth in the Summary Compensation Table which appears below and the actuarial present value of each Named Executive Officer is set forth in the Supplemental Executive Insurance/Retirement Benefits Table which appears on page .

Split Dollar Life Insurance Agreements:

On August 17, 2020, Century Bancorp, Inc. wholly owned subsidiary Century Bank and Trust Company, entered into material definitive agreements with Barry R. Sloane and Linda Sloane Kay (The "Insureds"). The agreements provide life insurance protection for the Insured's family in the event of the Insured's death. The death benefit will be equal to $10,000,000 for Barry R. Sloane and $5,000,000 for Linda Sloane Kay. In February 2021, these agreements were amended to increase the death benefit to $20,000,000 for Mr. Sloane and to $10,000,000 for Ms. Kay. The right to receive a benefit upon death is subject to vesting over a period of ten years, provided that the entitlement will become fully vested in the event of the executive's death while in service with the Company or in the event of a change in control of the Company.

Chief Executive Officer Compensation and CEO Pay Ratio

The Company granted Chief Executive Officer, Barry R. Sloane, a 14% salary increase in 2020. In recognition of the Company's solid financial performance in 2020, the Company also granted a $ $321,460 cash bonus payable to Mr. Barry R. Sloane.

The 2020 total compensation for the Chief Executive Officer was $2,439,402, as shown in the Summary Compensation Table. The 2020 estimated median compensation for the Company was $54,254. The CEO total compensation was approximately 45 times the total compensation of the median employee calculated in the same manner. In determining the median employee, a listing was prepared of all employees as of December 31, 2020. Compensation was annualized for those employees that were not employed for the full year of 2020.

Executive Officer Compensation

In light of the Company's performance, Linda Sloane Kay was granted a 23% salary increase. The Company determined that base salary compensation for each of the following Named Executive Officers, Paul Evangelista, David Woonton and William Hornby be increased by 5% in 2020. In light of the Company's financial performance in 2020, cash bonuses were awarded to all of the above Named Executive Officers as noted in the Summary Compensation Table.

The Company based its determinations on its subjective analysis of each individual's performance and contribution to the corporation's goals and objectives and considered the quantitative and qualitative factors referenced above.

Executive Benefits

We limit additional executive benefits that we make available to our executive officers. Where such benefits are provided, they are intended to support other business purposes including facilitating business development efforts.

Employment Agreement

The Company has an employment agreement with Mr. David Woonton. The agreement grants two years of service payable upon a change of control of the Company.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the foregoing Report of the Compensation Committee, including the CD&A, with management. In reliance on the reviews and discussions referred to above, the Compensation Committee recommended to the Board, and the Board has approved, that the CD&A be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020 for filing with the SEC.

/s/ Fraser Lemley, Chairman
/s/ Joseph Mercurio
/s/ Jo Ann Simons

Compensation Committee Interlocks and Insider Participation

Mr. Lemley, Mr. Mercurio and Ms. Simons served as members of the Compensation Committee during 2020. No member of our Compensation Committee was an employee or former employee of our company or any of our subsidiaries. During the past year, none of our executive officers served as: (1) a member of the Compensation Committee (or other committee of the Board of Directors performing equivalent functions or, in the absence of any such committee, the entire Board of Directors) of another entity, one of whose executive officers served on our Compensation Committee; (2) a director of another entity, one of whose executive officers served on our Compensation Committee; or (3) a member of the Compensation Committee (or other committee of the Board of Directors performing equivalent functions or, in the absence of any such committee, the entire Board of Directors) of another entity, one of whose executive officers served as a director on our Board of Directors.

Compensation Paid to Executive Officers

The following table sets forth information for the three year period ended December 31, 2020 concerning the compensation for services in all capacities to Century Bancorp, Inc. and its subsidiaries of our principal executive officer and our principal financial officer as well as our other three most highly compensated executive officers (or executive officers of our subsidiaries). We refer to these individuals throughout this 10-K statement as the “Named Executive Officers”.

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)	Option Awards ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings- December 31, ($)	All Other Compensation ($) (1)	Total ($)
Barry R. Sloane	2020	819,087	321,460	—	1,217,322	81,533	2,439,402
Chairman, President and CEO,	2019	719,086	303,264	—	1,646,224	50,242	2,718,816
Century Bancorp, Inc. and Century	2018	684,844	280,800	—	21,774	44,605	1,032,023
Bank and Trust Company							
Linda Sloane Kay	2020	526,512	136,620	—	1,411,013	44,027	2,118,172
Vice Chair, Executive Vice President	2019	426,512	128,887	—	1,252,213	10,709	1,818,321
Century Bancorp, Inc. and Century	2018	406,202	119,340	—	105,491	28,961	659,994
Bank and Trust Company							
David B. Woonton	2020	447,838	213,620	—	716,068	27,470	1,404,996
Executive Vice President,	2019	426,512	128,887	—	853,041	15,215	1,423,655
Century Bank and Trust Company	2018	406,202	119,340	—	35,136	8,429	569,107
Paul A. Evangelista	2020	447,838	212,120	—	1,089,826	26,555	1,776,339
Executive Vice President,	2019	426,512	128,887	—	1,338,790	17,397	1,911,586
Century Bank and Trust Company	2018	406,202	119,340	—	3,581	12,317	541,440
William P. Hornby	2020	407,195	114,480	—	941,087	27,576	1,490,338
Chief Financial Officer and	2019	387,804	108,000	—	965,412	20,500	1,481,716
Treasurer, Century Bancorp, Inc. and Century Bank and Trust Company	2018	369,338	100,000	—	—	20,583	489,921

(1) All other compensation for 2020 is composed of the following amounts:

Compensation Item	Barry R. Sloane	Linda Sloane Kay	David B. Woonton	Paul A. Evangelista	William P. Hornby
401(k) Matching Contributions	$ 5,700	$ 5,596	$ 5,606	$ 5,609	$ 5,606
Split Dollar Insurance	8,384	2,292	—	—	—
Tax Equivalency Payments	36,502	33,647	18,648	19,242	20,626
Excess Group Life Insurance Premiums	2,286	774	2,286	774	414
Long-Term Disability Premiums	930	930	930	930	930
Memberships	25,000	—	—	—	—
Taxable Expense Reimbursements	2,731	788	—	—	—

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Pension Benefits

The following table sets forth information concerning plans that provide for payments or other benefits at, following, or in connection with, retirement for each Named Executive Officer.

PENSION BENEFITS TABLE

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit 12/31/2020 ($)(1)	Payments During Last Fiscal Year 12/31/2020 ($)
Barry R. Sloane	Defined Benefit	17	484,401	—
Chairman, President and CEO	Pension Plan			
Linda Sloane Kay	Defined Benefit	20	732,319	—
Vice Chair and Executive Vice President	Pension Plan			
David B. Woonton	Defined Benefit	21	1,222,328	—
Executive Vice President, Century Bank and Trust Company	Pension Plan			
Paul A. Evangelista	Defined Benefit	21	985,830	—
Executive Vice President, Century Bank and Trust Company	Pension Plan			
William P. Hornby(2)	Defined Benefit	—	—	—
Chief Financial Officer and Treasurer	Pension Plan			

(1) The present value of accumulated benefits was calculated with the assumption that retirement occurs at age 65. The benefit is calculated using an interest rate of 2.37% and was based on Amount-Weighted Pri-2012 Mortality Tables with Scale MP-2020.

(2) Not a member of the Defined Benefit Pension Plan.

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SUPPLEMENTAL EXECUTIVE INSURANCE/RETIREMENT BENEFITS

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit- 12/31/2020 ($)(1)	Payments During Last Fiscal Year- 12/31/2020 ($)
Barry R. Sloane(2) Chairman, President and CEO	Supplemental Executive Insurance/Retirement Plan	19	10,671,289	—
Linda Sloane Kay(2) Vice Chair and Executive Vice President	Supplemental Executive Insurance/Retirement Plan	12	4,507,274	—
David B. Woonton(2) Executive Vice President, Century Bank and Trust Company	Supplemental Executive Insurance/Retirement Plan	21	4,545,429	—
Paul A. Evangelista(2) Executive Vice President, Century Bank and Trust Company	Supplemental Executive Insurance/Retirement Plan	21	4,786,968	—
William P. Hornby(2) Chief Financial Officer and Treasurer	Supplemental Executive Insurance/Retirement Plan	12	3,402,829	—

(1) The present value of accumulated benefits was calculated with the assumption that retirement occurs at age 65. The benefit is calculated using an interest rate of 3.21% and the Amount-Weighted Pri-2012 White Collar Mortality Table, adjusted for mortality improvements with the Scale MP-2020 mortality improvements scale on a generational basis.

(2) As of December 31, 2020, Messrs. Barry R. Sloane, Paul A. Evangelista, David B. Woonton, Linda Sloane Kay and William P. Hornby were 100%, 100%, 100%, 77.5% and 77.5% vested, respectively, under the Supplemental Executive Insurance/Retirement Plan.

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Director Compensation

Directors not employed by the Company receive a $20,000 retainer per year, $500 per Company Board meeting attended, $1,000 per Bank Board meeting attended and $1,000 per committee meeting attended. Joseph Senna received $3,000 per Audit Committee meeting as Chairman of the Audit Committee.

DIRECTOR COMPENSATION TABLE 2020

Name	Fees Earned or Paid in Cash ($)	All Other Compensation ($)	Total ($)
George R. Baldwin	48,500	—	48,500
O'Neil A. Britton, MD	14,833	—	14,833
Stephen R. Delinsky	44,500	—	44,500
Louis Grossman	52,500	—	52,500
Russell B. Higley	43,000	—	43,000
Jackie Jenkins-Scott	54,000	—	54,000
Linda Sloane Kay	—	—	—
Fraser Lemley	55,000	—	55,000
Joseph P. Mercurio	45,000	—	45,000
Anthony P. Monaco, MD, PhD	17,833	—	17,833
Joseph J. Senna (resigned January 2021)	62,000	—	62,000
Jo Ann Simons	46,000	—	46,000
Barry R. Sloane	—	—	—
George F. Swansburg (1)	16,500	14,500	31,000

(1) The amount listed in all other compensation is for serving as Administrator of Century Bancorp Capital Trust II. Mr. Swansburg resigned from the Board of Century Bancorp, Inc. and Century Bank and trust Company in June 2020.

ITEM 12. *SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS*

The following table sets forth certain information as to the number and percentage of shares of Class A and Class B Common Stock beneficially owned as of February 26, 2021, (i) by each person known by the Company to own beneficially more than 5% of the Company's outstanding shares of Class A or Class B Common Stock, (ii) by each of the Company's directors and executive officers; and (iii) by all directors and executive officers as a group. As of February 26, 2021, there were 3,656,469 shares of Class A Common Stock and 1,911,440 shares of Class B Common Stock outstanding.

Name and Address of Beneficial Owner	Class A Owned	% A Owned	Class B Owned	% B Owned
James J. Filler 2964 Shook Hill Parkway, Birmingham, AL 35223	861,714 (4)	23.57%		
BlackRock, Inc. 55 East 52nd Street, New York, NY 10055	230,061 (5)	6.29%		
Renaissance Technologies LLC 800 Third Avenue, New York, NY 10022	185,798 (6)	5.08%		
Sloane Family Enterprises, Limited Partnership 400 Mystic Avenue, Medford, MA 02155	8,146	0.22%	1,721,841	90.08%
George R. Baldwin(a)	5,819	0.16%		
O'Neil A. Britton (a)	15	0.00%		
Stephen R. Delinsky(a)	3,061 (3)	0.08%		
Paul A. Evangelista(b)	8,192	0.22%		
Brian J. Feeney(b)—deceased in 2020	1,987	0.05%		
Louis Grossman(a)	925	0.03%		
Russell B. Higley, Esquire(a)	4,602	0.13%		
William P. Hornby(b)	1,000	0.03%		
Jackie Jenkins-Scott(a)	40	0.00%		
Linda Sloane Kay(a)(b)	25,261 (1)	0.69%	60,000	3.14%
Fraser Lemley(a)	23,764	0.65%		
Joseph P. Mercurio(a)	100	0.00%		
Anthony Monaco	151	0.00%		
Joseph J. Senna(a)	25,001	0.68%		
Jo Ann Simons	300	0.01%		
Barry R. Sloane(a)(b)	8,944 (2)	0.24%		
George F. Swansburg(a)	32,251	0.88%		
David B. Woonton(b)	800	0.02%		
All directors and officers as a group (18 in number)	150,359	4.06%	1,781,841	93.17%

(a) Denotes director of the Company.
(b) Denotes officer of the Company or one of its subsidiaries.
(1) Includes 10,350 shares owned by Ms. Kay's spouse, 10,927 shares held in trust for Ms. Kay's children and 3,105 shares owned by the Marshall M. and Barbara J. Sloane Private Foundation.
(2) Includes 918 shares held in trust for Mr. Barry Sloane's children and 72 shares owned by Mr. Barry Sloane's spouse. Includes 3,111 shares pledged and 3,105 shares owned by the Marshall M. and Barbara J. Sloane Private Foundation.
(3) Includes 262 shares owned by Mr. Delinsky's children.
(4) The Company has relied upon the information set forth in the Form 4 filed with the SEC by James J. Filler on January 4, 2021.
(5) The Company has relied upon the information set forth in the Schedule 13G filed with the SEC by BlackRock, Inc. on January 29, 2021.
(6) The Company has relied upon the information set forth in the Schedule 13G filed with the SEC by Renaissance Technologies LLC on February 10, 2021.

ITEM 13. *CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE*

Certain Directors and Officers of the Company and Bank and members of their immediate family are at present, as in the past, customers of the Bank and have transactions with the Bank in the ordinary course of business. In addition, certain of the Directors are at present, as in the past, also Directors, Officers or Stockholders of corporations or members of partnerships that are customers of the Bank and have transactions with the Bank in the ordinary course of business. Such transactions with Directors and Officers of the Company and the Bank and their families and with such corporations and partnerships were made in the ordinary course of business, were made on substantially the same terms, including interest rates and collateral on loans, as those prevailing at the time for comparable transactions with other persons, and did not involve more than the normal risk of collectibility or present other features unfavorable to the Bank. The Directors annually approve amounts to be paid to related parties for services rendered. The Company reviews related party transactions monthly.

NASDAQ Stock Market ("NASDAQ") rules, and our governance principles, require that at least a majority of our Board be composed of "independent" directors. All of our directors other than Barry R. Sloane and Linda Sloane Kay are "independent" within the meaning of both the NASDAQ rules and our own corporate governance principles. Ten of our twelve directors, therefore, are currently "independent" directors.

ITEM 14. *PRINCIPAL ACCOUNTING FEES AND SERVICES*

The Audit Committee separately pre-approves each of the following services, in compliance with the requirements of the Sarbanes-Oxley Act and SEC regulations, before they are rendered by the auditor: financial statement audit, attestation, preparation of tax returns and audit of 401(k) and pension plans. The Audit Committee's pre-approval procedures, in compliance with the requirements of the Sarbanes-Oxley Act and SEC regulations, allow the Company's auditors to perform certain services without specific permission from the Audit Committee, as long as these services comply with the following requirements: (a) the services consist of special projects relating to strategic tax savings initiatives, corporate tax structure engagements or merger and acquisition consulting; (b) aggregate special project services cannot exceed $30,000 during the calendar year; and (c) the Audit Committee must be informed about each service at its next scheduled meeting. All other services provided by the Company's auditor must be separately pre-approved before they are rendered.

Description of Fees	Fiscal 2020 Amount	Fiscal 2019 Amount
Audit fees(1)	**$ 630,000**	$ 610,000
Audit-related fees	—	—
Tax fees(2)	**55,000**	53,000
Other fees	—	—
	$ 685,000	$ 663,000

(1) includes fees for annual audit, review of quarterly financial statements, and internal control attestations.
(2) includes fees for tax compliance and tax consulting.

PART IV

ITEM 15. *EXHIBITS AND FINANCIAL STATEMENT SCHEDULES*

(a)(1) Financial Statements.

The following financial statements of the company and its subsidiaries are presented in Item 8:

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets — December 31, 2020 and 2019

Consolidated Statements of Income — Years Ended December 31, 2020, 2019 and 2018

Consolidated Statements of Changes in Stockholders' Equity-Years ended December 31, 2020, 2019 and 2018

Consolidated Statements of Cash Flows-Years Ended December 31, 2020, 2019, and 2018

Notes to Consolidated Financial Statements

(2) *Financial Statement Schedules*

All schedules are omitted because either the required information is shown in the financial statements or notes incorporated by reference, or they are not applicable, or the data is not significant.

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(3) *Exhibits*

3.1	Articles of Organization of Century Bancorp, Inc. dated January 7, 1972 (filed herewith).
3.2	Articles of Amendment of Century Bancorp, Inc. effective May 14, 1987 (filed herewith).
3.3	Articles of Amendment of Century Bancorp, Inc. effective January 9, 2009, incorporated by reference to the Registrant's Form 8-K filed on April 29, 2009.
3.4	Bylaws of Century Bancorp, Inc., as amended effective October 9, 2007, incorporated by reference to the Registrant's Form 10-Q filed on November 8, 2007.
4.1	Form of Common Stock Certificates of the Company (filed herewith).
4.2	Description of Registrant's Securities, incorporated by reference to the Registrant's Form 10-K filed on March 13, 2020.
10.1	The Century Bancorp Supplemental Executive Retirement and Insurance Plan, as amended and restated effective as of December 31, 2016, incorporated by reference to the Registrant's Form 10-K filed on March 18, 2018.
10.2	Century Bancorp Capital Trust II Purchase Agreement, dated November 30, 2004, between Century Bancorp Capital Trust II, Century Bancorp, Inc., Sandler O'Neill Partners, L.P., First Tennessee Bank National Association and Keefe, Bruyette and Woods, Inc., incorporated by reference to the Registrant's Form 10-K filed on March 15, 2005.
10.3	The Century Bancorp Supplemental Executive Retirement and Insurance Plan, as amended and restated effective as of December 31, 2016, first amendment effective January 21, 2020 (filed herewith).
10.4	The Century Bancorp Supplemental Executive Retirement and Insurance Plan, as amended and restated effective as of December 31, 2016, second amendment effective October 13, 2020. (filed herewith).
10.5	Century Bancorp, Inc. Indenture, dated December 2, 2004, between Century Bancorp, Inc. and Wilmington Trust Company, incorporated by reference to the Registrant's Form 10-K filed on March 15, 2005.
10.6	Amended and Restated Declaration of Trust of Century Bancorp Capital Trust II, dated December 2, 2004, between the Trustees of Century Bancorp Capital Trust II, George F. Swansburg and Century Bancorp, Inc., incorporated by reference to the Registrant's Form 10-K filed on March 15, 2005.
10.7	Guarantee Agreement, dated December 2, 2004, between the Century Bancorp, Inc. and Wilmington Trust Company, incorporated by reference to the Registrant's Form 10-K filed on March 15, 2005.
10.8	Split Dollar Life Insurance Agreement, as amended and restated, between Century Bank and Trust Company and Barry R. Sloane, effective February 17, 2021, incorporated by reference to the Registrant's Form 8-K filed on February 18, 2021.
10.9	Split Dollar Life Insurance Agreement, as amended and restated, between Century Bank and Trust Company and Linda Sloane Kay, effective February 17, 2021, incorporated by reference to the Registrant's Form 8-K filed on February 18, 2021.
14	Code of Ethics (filed herewith).
21	Subsidiaries of the Registrant (filed herewith).
23.1	Consent of Independent Registered Public Accounting Firm (filed herewith).

31.1	Certification of Chief Executive Officer of the Company Pursuant to Securities Exchange Act Rules 13a-14 and 15d-14.
31.2	Certification of Chief Financial Officer of the Company Pursuant to Securities Exchange Act Rules 13a-14 and 15d-14.
32.1 +	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2 +	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Audit Committee Charter, incorporated by reference previously filed with a 10-K filed on March 15, 2019.
99.2	Nominating Committee Charter (filed herewith).
99.3	Compensation Committee Charter (filed herewith).
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase.
101.LAB*	XBRL Taxonomy Extension Label Linkbase.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase.
101.DEF*	XBRL Taxonomy Definition Linkbase.
104	Cover Page Interactive Data File (formatted as Inline XBRL, and contained in Exhibit 101)
(p)	Paper filing

\+ This exhibit shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section, and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

* As provided in Rule 406T of Regulation S-T, this information is filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934.

(b) Exhibits required by Item 601 of Regulation S-K.

See (a)(3) above for exhibits filed herewith.

(c) Financial Statement required by Regulation S-X.

Schedules to Consolidated Financial Statements required by Regulation S-X are not required under the related instructions or are inapplicable, and therefore have been omitted.

ITEM 16. ***FORM 10-K SUMMARY***

Not applicable.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on this 10 th day of March, 2021.

Century Bancorp, Inc.

By: /s/ Barry R. Sloane
Barry R. Sloane, Chairman, President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated and on the date indicated.

/s/ George R. Baldwin
George R. Baldwin, Director

/s/ O'Neil A. Britton
O'Neil A. Britton, MD, Director

/s/ Stephen R. Delinsky
Stephen R. Delinsky, Director

/s/ Louis J. Grossman
Louis J. Grossman, Director

/s/ Russell B. Higley
Russell B. Higley, Esquire, Director

/s/ Jackie Jenkins-Scott
Jackie Jenkins-Scott, Director

/s/ Linda Sloane Kay
Linda Sloane Kay, Vice Chair

/s/ Fraser Lemley
Fraser Lemley, Director

/s/ Joseph P. Mercurio
Joseph P. Mercurio, Director

/s/ Anthony P. Monaco
Anthony P. Monaco, MD, PhD, Director

/s/ Jo Ann Simons
Jo Ann Simons, Director

/s/ Barry R. Sloane
Barry R. Sloane,
Chairman, President and Chief Executive Officer

/s/ William P. Hornby
William P. Hornby, CPA, Chief Financial Officer and Treasurer

/s/ Anthony C. LaRosa
Anthony C. LaRosa, CPA, Senior Vice President,
Century Bank and Trust Company,
Principal Accounting Officer

The Commonwealth of Massachusetts

JOHN F. X. DAVOREN
Secretary of the Commonwealth
STATE HOUSE
BOSTON, MASS.

ARTICLES OF ORGANIZATION

(Under G.L. Ch. 156B)

Incorporators

NAME	**POST OFFICE ADDRESS**
Include given name in full in case of natural persons in case of a corporation, give state of incorporation.	
Marshall M. Sloane	100a Fellsway West Somerville, Massachusetts 02145

The above-named incorporator(s) do hereby associate (themselves) with the intention of forming a corporation under the provisions of General Laws, Chapter 156B and hereby state(s):

1. The name by which the corporation shall be known is:

   Century Bancorp, Inc.

2. The purposes for which the corporation is formed are as follows:

   See pages 2a and 2b.

NOTE: If provisions for which the space provided under Articles 2, 4, 5 and 6 is not sufficient additions should be set out on continuation sheets to be numbered 2A, 2B, etc. Indicate under each Article where the provision is set out. Continuation sheets shall be on 8 1/2" x 11" paper and must have a left-hand margin 1 inch wide for binding. Only one side should be used.

3. The total number of shares and the par value, if any, of each class of stock which the corporation is authorized is as follows:

CLASS OF STOCK	WITHOUT PAR VALUE	WITH PAR VALUE		
	NUMBER OF SHARES	NUMBER OF SHARES	PAR VALUE	AMOUNT
Preferred	None	None	–	$ –
Common	None	300,000	$1	300,000

*4. If more than one class is authorized, a description of each of the different classes of stock with, if any, the preferences, voting powers, qualifications, special or relative rights or privileges as to each class thereof and any series now established:

None

*5. The restrictions, if any, imposed by the Articles of Organization upon the transfer of shares of stock of any class are as follows:

None

*6. Other lawful provisions, if any, for the conduct and regulation of the business and affairs of the corporation for its voluntary dissolution, or for limiting, defining, or regulating the powers of the corporation, or of its directors or stockholders, or of any class of stockholders:

See pages 6a, 6b, 6c and 6d.

Consent to adoption of
"Century Bancorp ,Inc,"
as corporate name

To: – Century Bancorp, Inc.
(a proposed new Massachusetts corporation having Marshall M. Sloane as the sole incorporator)
– The Secretary of the Commonwealth of Massachusetts
– Whom It May Concern

The undersigned hereby jointly and severally consent that the name "Century Bancorp, Inc." or any name containing in whole or in part the words "Century" or "Bancorp" or any combination thereof, or any similar name, be adopted by Century Bancorp, Inc. (a proposed new Massachusetts corporation under Articles of Organization of even date herewith having Marshall M. Sloane as its sole incorporator) and its successors and assigns.

EXECUTED the undersigned, to take effect as a sealed instrument this 7th day of January, 1972.

CENTURY BANK AND TRUST COMPANY

By ______________________________
Its President

CENTURY BANCORP, INC.
(incorporated as a Massachusetts corporation in 1970, and having neither issued any shares nor commenced the conduct of business, the name of which is being changed, - by Articles of Amendment to be filed prior to or with said Articles of Organization of said proposed new Massachusetts corporation, - to "Century Financial Services Corp.")

By ______________________________
Its President

Article 2

The purposes for which the corporation is formed are as follows:

To become and be a bank holding company controlling directly or indirectly voting shares of one or more commercial banking institutions and to engage, directly or indirectly, in any activity, business or transaction permissible to a bank holding company.

To subscribe for, purchase, take, receive, underwrite, invest or reinvest in or otherwise acquire, own, use, employ, hold, vote, accept, endorse, guarantee, take and hold as security, discount or have discounted, sell, exchange, lend, lease, transfer, assign, negotiate, mortgage, pledge, encumber, create a security interest in or otherwise dispose of, and generally to deal in and with, stocks, bonds, bills, commercial paper, notes, debentures, mortgages, certificates and other evidences of interest, participations, investment contracts, warrants, rights, loans, drafts, checks, bills of exchange, bank and trade and other acceptances, warehouse receipts and other documents and instruments of title, cable transfers and other commercial and trade paper, choses in action and certificates or evidences of indebtedness, and any other obligations and securities (all hereinafter sometimes referred to generally as "securities") (a) of trust companies, national banking associations, banking companies, other corporations, joint stock companies, trusts, association, partnerships, joint ventures, firms and other entities and persons, domestic or foreign (all hereinafter sometimes referred to generally as "concerns"), and (b) of the United States of America, and of any state thereof, and of any county, district or municipality or other political subdivision and of any agency or public corporation of any of the foregoing, and of any foreign government or political subdivision or agency or public corporation thereof, - and while the owner of any of the aforesaid to exercise all of the rights, powers and privileges of ownership in the same manner and to the same extent that an individual might.

To engage or participate generally (directly or indirectly, including without limitation, as a partner) in financial and other commercial and trading transactions, undertakings and operations of all kinds, and in the promotion, advancement and assistance, financial or otherwise, of the same, and to transact any of the business in which it engages or participates, either as principal and on its own account or as a partner or as agent, factor, broker, manager, assignee or other representative and on commission or otherwise.

To undertake, carry on, assist or participate in the organization, reorganization, consolidation or liquidation of any concerns, and to promote or assist the same, financially or otherwise.

To acquire (and pay for in cash or securities of this corporation or otherwise) the whole or any part of the goodwill, rights, assets and property, - and to undertake, guarantee, endorse, or assume the whole or any part of the obligations or liabilities, including, without hereby limiting the generality of the foregoing, leases and other contracts, - of any concern.

To borrow money and otherwise contract indebtedness, with or without security, to issue, repurchase or otherwise acquire, hold, sell, assign, transfer, mortgage, pledge, or otherwise dispose of and deal with stocks, bonds debentures, notes and other evidences of indebtedness, warrants, rights and other securities (as above defined) of this corporation and to secure the same by the mortgage, charge, hypothecation, pledge or other transfer or encumbrance of all or any part of the assets of this corporation.

To lend money to, guarantee or otherwise lend credit to, and aid in any other manner, with or without security, any concern, any obligation of which or any interest in which is held by this corporation or in the affairs or prosperity of which this corporation has a lawful interest; and to secure any undertaking made by it in pursuance of the foregoing by the mortgage, pledge or other transfer of all or any part of its assets.

To buy, lease or otherwise acquire, hold, manage, improve, care for, supervise, operate, exchange, sell, let, lease, pledge, mortgage or otherwise dispose of or encumber any and all personal property or real estate or any interest therein, in any State or Territory of the United States and any foreign country.

To carry on any business permitted by the laws of the Commonwealth of Massachusetts to a corporation organized under Chapter 156B .

To do any or all of the things herein set forth to the same extent as natural persons might or could do in any part of the world as principals, agents, contractors, partners, or otherwise, and either alone or in connection, in conjunction, or in association with others, and to do every other act or acts, and thing or things, incidental or appurtenant to or growing out of or connected with the foregoing purposes or any part or parts thereof, provided the same be not inconsistent with the laws under which this corporation is organized.

Article 6

Other lawful provisions for the conduct and regulation of the business and affairs of the corporation and for limiting, defining or regulating the powers of the corporation and of its directors or stockholders (or any class of stockholders) are as follows:

1. Each director, officer, former directors and former officer of this corporation, and each person who, at the request of or by reason of an election effected in whole or in major part by this corporation, has served as a director, officer, partner, trustee, employee, agent or nominee ("Requested Capacity") of, or in connection with, any other entity ("Other Entity"), - including, without limitation, any firm, association, partnership, joint venture, joint stock company, trust, corporation (other than this corporation) or other organization, - shall be indemnified, to the maximum extent from time to time permitted or not prohibited by law, by this corporation against all expenses and liabilities asserted or imposed upon, or reasonably incurred by, him in connection with or resulting from the following ("Indemnified Claims"): any claim, action, suit or proceeding (whether brought by or in the right of this corporation or such Other Entity or otherwise), civil or criminal, judicial or administrative, or in connection with an appeal relating thereto, in which he may become involved, as a party or otherwise, by reason of his being or having been an officer or director of this corporation or of his serving or having so served in the Requested Capacity with respect to such Other Entity, or by reason of any alleged acts or omissions as such director, officer, or Requested Capacity (whether or not he is such at the time he becomes so involved or at the time such expenses or liabilities are incurred by or imposed upon him). Determination of any otherwise Indemnified Claims, by judgment, settlement (with or without court approval) or conviction, or upon a plea of guilty or its equivalent to a charge not specifically alleging that he failed to meet the minimum standard required by law for indemnification, or upon a plea of nolo contendere or its equivalent, shall not alone create a presumption that such person so failed, absent an express final adjudication that he so failed. A final adjudication of whether he so failed may be made in the action, suit or proceeding resulting in the otherwise Indemnified Claim or in any other action, suit or proceeding (including, but not limited to, a suit for declaratory judgment) brought by him or the corporation to determine whether he is entitled to indemnification hereunder.

2. As used in these provisions, the terms "expenses" and "liabilities" shall include, but shall not be limited to, counsel fees and disbursements and amounts of judgments, fines or penalties against, and amounts reasonably paid in settlement by, such director, officer, trustee or nominee.

3. In implementation of the foregoing provisions, and subject to the limitations set forth therein, actual payment of any indemnification claimed hereunder shall be authorized by the Board, in each instance, if (but only if):

(a) the Board shall find, by a vote which is sufficient for such purpose without counting the vote of any director who is a party to the claim, action, suit or proceeding in question (and without counting any such interested directors in determining the presence of a quorum of the Board), that the officer, director or other eligible person claiming such indemnification is entitled to receive the same and, in the case of a settlement, that the amount paid in settlement, that the amount paid in settlement, or the portion thereof as to which indemnification is to be given, is reasonable in the light of all the circumstances; or

(b) independent legal counsel (who may be the regular counsel of this corporation) shall have delivered to this corporation their written opinion to the same effect; or

(c) the stockholders, by a vote which is sufficient for purpose without counting the vote of any stockholder who is a party to the claim, action, suit or proceeding in question (and without counting any such interested stockholders in determining the presence of a quorum of the stockholders), shall have specifically voted to approve the payment of such indemnification; or

(d) a court having jurisdiction shall have entered a final order ordering the payment of such indemnification.

4. Expenses incurred with respect to any claim, action, suit or proceeding of the character described in paragraph 1 of this Article 6 may, with the approval of the Board of Directors, be advanced by this corporation prior to the final disposition thereof, upon receipt of an undertaking by or on behalf of the recipient to repay all such advances unless the payment of indemnification with respect to such expenses is finally authorized in the manner hereinabove provided.

5. Nothing contained in these Articles shall affect any right to indemnification to which corporate personnel other than directors, officers and other persons entitled to indemnification under the foregoing paragraph 1 of this Article 6 may be entitled by contract or otherwise under law, or to limit in any way the discretionary power of the Board of Directors in granting or refusing indemnification to such other personnel.

6. To the maximum extent from time to time permitted or not prohibited by law, this corporation shall have the power, exercisable by its Board of Directors, to purchase and maintain

insurance on behalf of any person who is or was a director, officer, employee or agent of this corporation or is or was serving in a Requested Capacity of an Other Entity against any and all expenses and liabilities asserted or imposed against him and incurred by him in any such capacity, or arising out of his status as such, whether or not this corporation would have the power to indemnify him against such liability under the foregoing provisions hereof.

7. The right of indemnification provided by these Articles shall not be deemed exclusive of any rights to which such director, officer, or other eligible person may now or hereafter be entitled under any by-laws, agreement, vote of stockholders or otherwise, and nothing herein contained shall in any event or under any circumstances form the basis for an inference, result, conclusion, ruling or decision more stringent than would be reached or applied in the absence of the provisions of these Articles.

8. No contract or other transaction between this corporation and one or more of its directors or officers or between this corporation and any other firm, association, joint stock company, trust, corporation or other entity in which one or more of its directors or officers is a partner, director, officer, or trustee, or is financially interested, shall be void or voidable for this reason alone, or by reason alone that such director or officer is, or such directors or officers are, present at the meeting of the Board, or of a committee thereof, which approves such contract or transaction, or that his or their votes are counted for such purpose:

(a) if the fact of such common directorship, or other position or financial interest, is disclosed or known to the Board or such committee, and the Board or such committee approves such contract or transaction by a vote which is sufficient for such purpose without counting the vote or votes of such interested director or directors; or

(b) if the fact of such common directorship, or other position or financial interest, is disclosed or know to the stockholders entitled to vote thereon, and the stockholders approve such contract or transaction by a vote which is sufficient for such purpose without counting the vote or votes (as stockholders) of such interested director or directors; or

(c) if the contract or transaction is fair and reasonable as to the corporation at the time it is approved by the Board or such committee or its stockholders.

Common or interested directors and officers shall not be counted in determining the presence of a quorum at a meeting of the Board, or of a committee, or of the stockholders, which approves such contract or transaction.

9. If any term or provision of this Article 6 or the application thereof to any person or circumstances shall to any extent by held invalid or unenforceable, the remainder of these provisions, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and each term and provision hereof shall be held valid and be enforced to the fullest extent permitted by law.

10. This corporation may be a partner, to the maximum extent form time to time permitted by law.

11. <u>Directors</u>

A. No director need be a stockholder.

B. The directors may make, amend, or repeal the by-laws in whole or in part, except with respect to any provision thereof which by law of the by-laws requires action by the stockholders.

C. The directors may, without action by the stockholders to the maximum extent from time to time permitted by law, issue from time to time any securities of this corporation, whether debt, equity, mixed or otherwise, of every nature and description, and whether preferred, subordinated, secured, unsecured, convertible, or otherwise, and whether or not newly issued or held by the corporation, including without limitation any rights, warrants or options, provided any shares of Common Stock or Preferred Stock or other equity securities so issued shall then be authorized under these Articles of Organization as from time to time amended.

D. The number of directors who shall constitute the full Board of Directors may be enlarged by vote of a majority of the directors then in office at any meeting of the Board, provided such number may not be enlarged by more than two from the number as last fixed (or, if not so fixed, elected) by the stockholders unless the by-laws otherwise permit.

12. Stockholders have no preemptive rights.

Article 9(b) - Directors

The name, residence, and post office address of each of the initial directors of corporation is as follows:

NAME OF DIRECTOR	RESIDENCE	POST OFFICE ADDRESS
Warren Altman	34 Prentice Road Newton Centre, Ma.	1 East Street East Cambridge, Ma.
Albert W. Ashton	71 Longmeadow Rd. Belmont, Ma	22 Marshall St. Somerville, Ma.
Robert B. Bell	25 Drumlin Road Newton Centre, Ma.	387 Park Avenue So. New York
Maurice F. Breen	80 Packard Avenue Somerville, Ma.	80 Packard Avenue Somerville, Ma.
Daniel D. Cline	23 Prentice Road Newton Centre, Ma.	51 Winchester St. Newton Highlands, Ma.
Earnest H. Clivio	24 Austin Road Medford, Ma.	214 Main Street Stoneham, Ma.
Dr. Kenneth W. Consentino	33 Chesterfield Road Newton, Ma.	563 Broadway Everett, Ma.
Joseph R. Doherty	19 Fellsway East Malden, Ma.	399 Highland Avenue W. Somerville, Ma.
Peter A. Dupuis	28 Myopia Hill Road Winchester, Ma.	2 Alpine Street Somerville, Ma.

NAME OF DIRECTOR	RESIDENCE	POST OFFICE ADDRESS
Henry L. Foster	11 Drumlin Rd. Newton Centre, Ma.	251 Ballardvale St. Wilmington, Ma.
Marshall Goldman	17 Midland Road Wellesley, Ma..	Harvard University Cambridge, Mass.
Melvin J. Kolovson	125 Country Club Road Newton Centre	63 Foodmart Boston, Ma.
Maurice J. McCarthy	71 Myopia Road Winchester, Ma.	241 Mystic Avenue Medford, Ma.
James R. McDuffee	16 Lowell Rd. Wellesley, Ma.	40 Broad St. Boston, Ma.
Michael M. Ossoff	10 Hopkins Ave. Beverly, Ma.	40 Endicott St. Peabody, Ma.
Philibert L. Pellegrini	17 Cheswick Rd. Arlington, Ma.	403 Highland Ave. Somerville, Ma.
Herbert Rubin	16 Powder House Rd. Ext. Medford, Ma.	16 Riverside Avenue Medford, Ma.
Rugo Santini	7 Pawnee Drive Arlington, Ma.	60 Dudley Street Arlington, Ma.
Marshall M. Sloane	95 Country Club Rd. Newton Centre, Ma.	100a Fellsway West Somerville, Ma.
George K. Surabian	41 Leslie Rd. Winchester, Ma.	44 High Street Medford, Ma.

7. By-laws of the corporation have been duly adopted and the initial directors, president, treasurer and clerk, whose names are set out below, have been duly elected.

8. The effective date of organization of the corporation shall be the date of filing with the Secretary of the Commonwealth or if later date is desired, specify date, (not more than 30 days after date of filing.)

9. The following information shall not for any purpose be treated as a permanent part of the Articles of Organization of the corporation.

   a. The post office address of the initial principal office of the corporation in Massachusetts is:

      100a Fellsway West, Somerville, Massachusetts 02145

   b. The name, residence, and post office address of each the initial directors and following officers of the corporation are as follows:

	NAME	RESIDENCE	POST OFFICE ADDRESS
President:	Marshall M. Sloane	95 Country Club Rd. Newton Centre, Ma.	100a Fellsway West Somerville, Mass. 02145
Treasurer:	Myer L. Spector	66 Blue Hill Ave. Milton, Ma.	100a Fellsway West Somerville, Mass. 02145
Clerk:	Maurice J. McCarthy	71 Myopia Rd. Winchester, Ma.	241 Mystic Ave. Medford, Ma. 02155

Directors:

See pages 9a and 9b.

   c. The date initially adopted on which the corporation’s fiscal year ends is:

      December 31 in each year

   d. The date initially fixed in the by-laws for the annual meeting of stockholders of the corporation is:

      First Tuesday in May in each Year, commencing in 1973

   e. The name and business address of the resident agent, if any, of the corporation is:

      None

IN WITNESS WHEREOF and under the penalties of perjury the above-named INCORPORATOR(S) sign(s) these Articles of Organization this 7th day of January 1972.

MMS

The signature of each incorporator which is not a natural person must be by an individual who shall show the capacity in which he acts and by signing shall represent under the penalties of (ILLEGIBLE)

RECEIVED

JAN 7 1972

CORPORATION DIVISION
SECRETARY'S OFFICE

THE COMMONWEALTH OF MASSACHUSETTS

ARTICLES OF ORGANIZATION
GENERAL LAWS, CHAPTER 156B, SECTION 12

I hereby certify that, upon an examination of the within-written articles of organization, duly submitted to me, it appears that the provisions of the General Laws relative to the organization of corporations have been complied with, and I hereby approve said articles; and the filing fee in the amount of $(ILLEGIBLE) having been paid, said articles are deemed to have been filed with me this 7th day of January 1972.

Effective date

Secretary of the Commonwealth

TO BE FILLED IN BY CORPORATION
PHOTO COPY OF ARTICLES OF ORGANIZATION TO BE SENT

TO:
John B. Newhall, Esquire
Eighth Floor
75 Federal Street
Boston, Massachusetts 02110

FILING FEE: 1/20 of 1% of the total amount of the authorized capital stock with par value, and one cent a share for all authorized shares without par value, but not less than $75. General Laws, Chapter 156B. Shares of stock with a par value of less than one dollar shall be deemed to have par value of one dollar per share.

Copy Mailed JAN 19 1972

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7,425.

Examiner

The Commonwealth of Massachusetts

OFFICE OF THE MASSACHUSETTS SECRETARY OF STATE

MICHAEL JOSEPH CONNOLLY, Secretary

ONE ASHBURTON PLACE, BOSTON, MASS. 02108

FEDERAL IDENTIFICATION NO. 04–2498617

ARTICLES OF AMENDMENT

General Laws, Chapter 156B, Section 72

This certificate must be submitted to the Secretary of the Commonwealth within sixty days after the date of the vote of stockholders adopting the amendment. The fee for filing this certificate is prescribed by General Laws, Chapter 156B, Section 114. Make check payable to the Commonwealth of Massachusetts.

We, Marshall M. Sloane, President (ILLEGIBLE) and Leila H. Lyons, Clerk (ILLEGIBLE) of

Century Bancorp, Inc.

(Name of Corporation)

located at 102 Fellsway West, Somerville, MA 02145

Name Approved

do hereby certify that the following amendments to the articles of organization of the corporation were duly adopted at a meeting held on March 10, 1987, by vote of

105,019	shares of	Common Stock (Class of Stock)	out of	138,415	for Amendments No. 1 and shares outstanding, 2 herein
106,079	shares of	Common Stock (Class of Stock)	out of	138,415	for Amendment No. 3 herein shares outstanding, and
106,659 **	shares of	Common Stock (Class of Stock)	out of	138,415	for Amendment No. 4 herein shares outstanding,

CROSS OUT INAPPLICABLE CLAUSE

(ILLEGIBLE) two-thirds of each class outstanding and entitled to vote thereon (ILLEGIBLE)

**and at a meeting held on April 15, 1987, by vote of 110,044 shares of Common Stock out of 138,415 share outstanding for certain modifications of said votes of March 10 changing Amendment No. 2 to read as set forth herein

C ☐
P ☐
M ☐

[1]for amendments adopted pursuant to Chapter 156B. Section 70.

[2]for amendments adopted pursuant to Chapter 156B. Section 71.

8

P.C.

Note: if the space provided under any Amendment of item on this form is insufficient, additions shall be set forth on separate 8½ x 11 sheets of paper leaving a left hand margin of at least 1 inch for binding. Additions to more than one Amendment may be continued on a single sheet so long as each Amendment requiring each such addition is clearly indicated.

TO CHANGE the number of shares and the par value, if any, of each class of stock within the corporation fill in the following:

The total presently authorized is:

KIND OF STOCK	NO PAR VALUE NUMBER OF SHARES	WITH PAR VALUE NUMBER OF SHARES	PAR VALUE
COMMON			
Common		300,000	$1.00
PREFERRED			

CHANGE the total to:

KIND OF STOCK	NO PAR VALUE NUMBER OF SHARES	WITH PAR VALUE NUMBER OF SHARES	PAR VALUE
COMMON			
Class B		5,000,000	$1.00
Class A		10,000,000	$1.00
PREFERRED			

CONTINUATION SHEET

Amendment No. 1

Article 3 of the Articles of Organization is hereby amended by designating the present Common Stock of the corporation Class B Common Stock, $1.00 par value per share, increasing the number of shares thereof from 300,000 to 5,000,000 shares and authorizing a new Class of common stock, consisting of 10,000,000 shares of Class A Common Stock, $1.00 par value per share.

Amendment No. 2

Article 4 of the Articles of Organization is hereby amended to read as follows:

"The preferences, voting powers, qualifications, special or relative rights or privileges as to each class of stock are as follows:

1) The Class B Common Stock shall be the sole voting stock of the corporation. The holders of Class B Common Stock shall be entitled to one vote for each one share thereof held upon all matters requiring a vote of stockholders of the corporation. The holders of Class A Common Stock shall have no voting power and shall not have the right to participate in any meeting of stockholders or to have notice thereof, except as hereinbelow provided or as required by the laws of The Commonwealth of Massachusetts. The foregoing provisions of this paragraph to the contrary notwithstanding, if and whenever the laws of The Commonwealth of Massachusetts require the approval or authorization of the stockholders as to (i) a consolidation or merger (other than one where the corporation is the resulting or surviving corporation), (ii) the sale, lease or exchange of all or substantially all of its property and assets, or (iii) an amendment to its Articles of organization which would adversely affect the rights of the Class A Common Stock, the vote of a majority of the then outstanding shares of each of the two classes, voting separately, shall be necessary for any such approval or authorization.

2) At any time when (i) the number of the then outstanding shares of Class B Common stock falls below 15% of the aggregate number of the shares of Class B Common Stock outstanding at the date of the first issuance by the corporation of shares of the Class A Common Stock (as said numbers shall be appropriately adjusted to reflect stock splits, stock dividends or the like) or (ii) the Board of Directors and the holders of a majority of the then outstanding shares of Class B Common Stock approve the conversion of all of the Class B Common Stock into

Common Stock, than the outstanding shares of Class B Common Stock and the then outstanding shares of Class A Common Stock shall both automatically be converted into a single class of voting Common Stock and the Board of Directors shall cause Restated Articles of Organization to be filed with the Secretary of State of The Commonwealth of Massachusetts duly reflecting the aforesaid conversion.

3) The holders of the Class A Common Stock shall be entitled to receive dividends, when and as declared by the Board of Directors out of net earnings then legally available therefor. The holders of the Class B Common Stock shall be entitled to receive dividends, when and as declared by the Board of Directors out of net earnings legally available therefor, provided that no dividend shall be declared or paid upon the Class B Common Stock unless a dividend equal to 200% or more of such dividend per share is paid per share upon the Class A Common Stock or declared and a sum set aside for payment thereof. The foregoing provisions of this paragraph shall not apply to stock splits or stock dividends, but no such stock split or stock dividend shall be declared on the Class B Common Stock unless a similar split or dividend on a share for share basis shall simultaneously be declared on the Class A Common Stock.

4) Each issued and outstanding share of Class B Common Stock may, at any time after 100 days from the date Articles of Amendment containing this amendment to the corporation's Articles of Organization are filed with the Secretary of State of The Commonwealth of Massachusetts, be converted, at the option of the holder thereof, into one fully paid and non-assessable share of Class A Common Stock as follows:

(a) Such conversion right shall be exercised by the surrender of the certificate representing such share of Class B Common Stock to be converted at the office of the transfer agent of the corporation (the "transfer agent") during normal business hours accompanied by a written notice of the election by the holder thereof to convert and (if so required by the corporation or the transfer agent) an instrument of transfer, in form satisfactory to the corporation and to the transfer agent, duly executed by such holder or his duly authorized attorney, and funds in the amount of any applicable transfer tax (unless provision satisfactory to the corporation is otherwise made therefor), if required.

(b) As promptly as practicable after the surrender for conversion of a certificate representing shares of Class B Common Stock in the manner provided above and the payment in cash of any amount required by the immediately preceding and immediately following paragraph, the corporation will deliver or cause to be delivered at the office of the transfer agent to or upon the written order of the holder of such certificate, a certificate or certificates representing the number of fully paid and non-assessable shares of Class A Common Stock issuable upon such conversion, issued in such name or names as such holder may direct. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of the surrender of the certificate representing shares of Class B Common Stock, and all rights of the holder of such shares of Class B Common Stock as such holder shall cease at such time and the person or persons in whose name or names the certificate or certificates representing the shares of Class A Common Stock are to be issued shall be treated for all purposes as having become the record holder or holders of such shares of Class A Common Stock at such time; provided, however, that any such surrender and payment on any date when the stock transfer books of the corporation shall be closed shall constitute the person or persons in whose name or names the certificate or certificates representing shares of Class A Common Stock are to be issued as the record holder or holders thereof for all purposes immediately prior to the close of business on the next succeeding day on which such stock transfer books are open.

(c) The issuance of certificates for shares of Class A Common Stock upon conversion of shares of Class B Common Stock shall be made without charge for any stamp or other similar tax in respect of such issuance. However, if any such certificate is to be issued in a name other than that of the holder of the share or shares of Class B Common Stock converted, the person or persons requesting the issuance thereof shall pay to the corporation the amount of any tax which may be payable in respect to any transfer involved in such issuance, or shall establish to the satisfaction of the corporation that there is no such tax or such tax has been paid.

(d) When shares of Class B Common Stock have been converted, they shall automatically resume the status of authorized but unissued shares of Class B Common Stock without the necessity for action by the corporation or its stockholders or directors, and shall be available for reissuance.

5) Except with respect to voting, dividend and convertibility rights, the rights of the two classes of Common Stock shall be equal share for share";

<u>Amendment No. 3</u>

Article 6 of the Articles of Organization is hereby amended by renumbering the sections numbered 8, 9, 10, 11 and 12 contained therein as sections numbered 9, 10, 11, 12 and 13, respectively, and inserting the following section numbered 8:

"8. No director shall be personally liable to the corporation or its stockholders for monetary damages for any breach of fiduciary duty by such director as a director notwithstanding any provision of law imposing such liability, except (to the extent provided by applicable law) for liability (i) for breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under section 61 or 62 of the Massachusetts Business Corporation Law, or any amendatory successor provisions thereto, or (iv) for any transaction from which the director derived an improper personal benefit. No amendment to or repeal of this provision shall apply to or have any effect on the liability or alleged liability of any director for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal."

Amendment No. 4

Article 6, section 11 of the Articles of organization is hereby amended by deleting in its entirety the following paragraph D:

"The number of directors who shall constitute the full Board of Directors may be enlarged by vote of a majority of the directors then in office at any meeting of the Board, provided such number may not be enlarged by more than two from the number as last fixed (or, if not so fixed, elected) by the stockholders unless the by-laws otherwise permit."

See Continuation Sheet numbered 1 through 4 attached hereto and which are part hereof, for the text of the Amendments No. 1, 2, 3 and 4.

The foregoing amendment will become effective when these articles of amendment are filed in accordance with Chapter 156B, Section 6 of The General Laws unless these articles specify, in accordance with the vote adopting the amendment, a later effective date not more than thirty days after such filing, in which event the amendment will become effective on such later data.

IN WITNESS WHEREOF AND UNDER THE PENALTIES OF PERJURY, we have hereto signed our names this day of 13th May, in the year 1987

President/(ILLEGIBLE)

Marshall M. Sloane

Clerk/(ILLEGIBLE)

Leila H. Lyons

SECRETARY OF THE COMMONWEALTH
1987 MAY 14 PM 1: 10
CORPORATION DIVISION

THE COMMONWEALTH OF MASSACHUSETTS

ARTICLES OF AMENDMENT

(General Laws, Chapter 156B, Section 72)

I hereby approve the within articles of amendment and, the filing fee in the amount of $7,425.00 having been paid, said articles are deemed to have been filed with me this 14th day of May , 1987.

Michael J. Connolly

MICHAEL JOSEPH CONNOLLY
Secretary of state

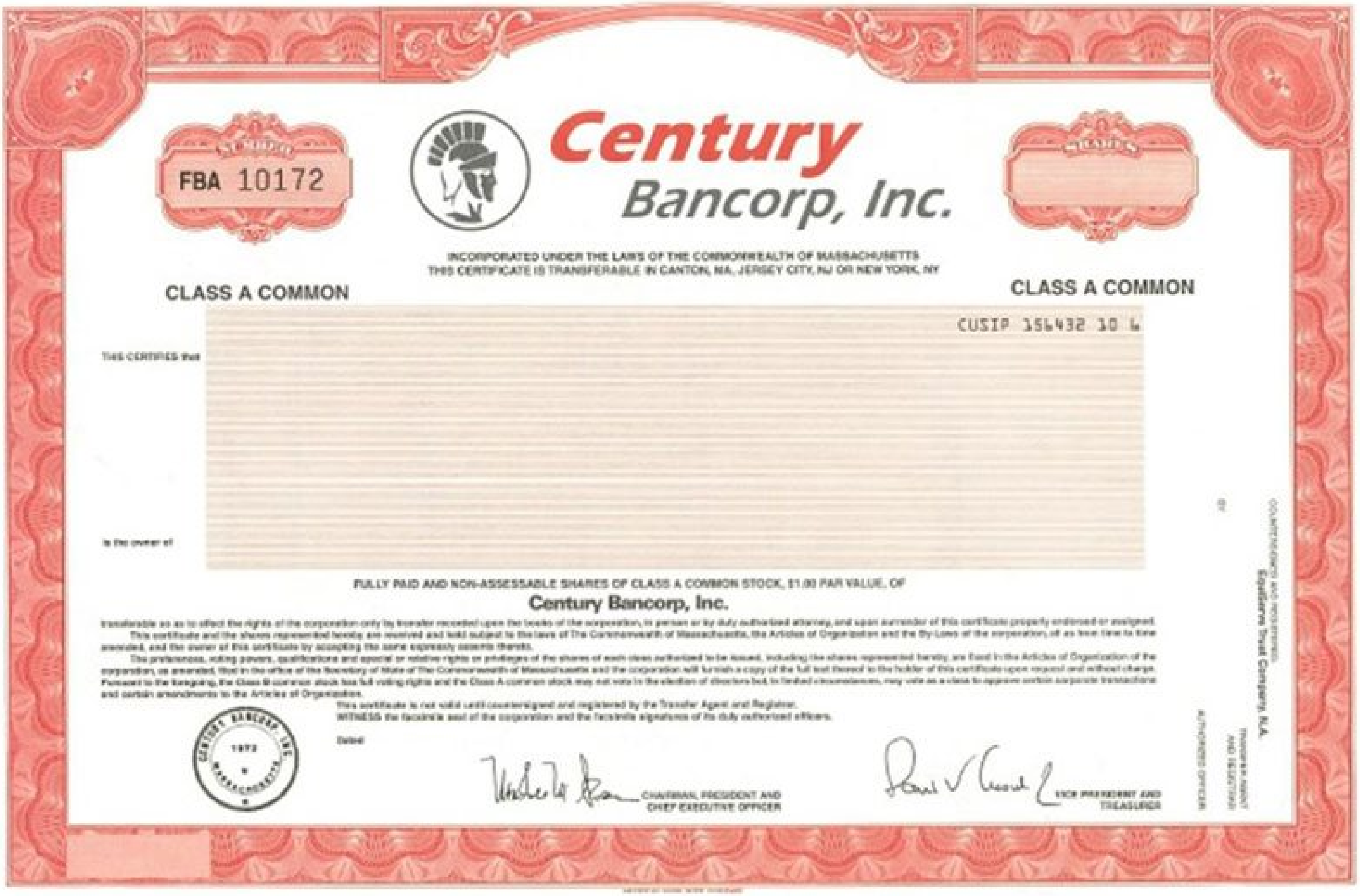
TO BE FILLED IN BY CORPORATION
PHOTO COPY OF AMENDMENT TO BE SENT

TO:
Miriam H. Kanter
Nutter, McClennen & Fish
Federal Reserve Plaza
600 Atlantic Avenue
Boston, MA 02210

Telephone (617) 973-9700

Copy Mailed

Exhibit 4.1



NUMBER FBA 10172

SHARES

Century Bancorp, Inc.

INCORPORATED UNDER THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS
THIS CERTIFICATE IS TRANSFERABLE IN CANTON, MA, JERSEY CITY, NJ OR NEW YORK, NY

CLASS A COMMON

CLASS A COMMON

CUSIP 156432 10 6

THIS CERTIFIES that

is the owner of

FULLY PAID AND NON-ASSESSABLE SHARES OF CLASS A COMMON STOCK, $1.00 PAR VALUE, OF

Century Bancorp, Inc.

transferable so as to affect the rights of the corporation only by transfer recorded upon the books of the corporation, in person or by duly authorized attorney, and upon surrender of this certificate properly endorsed or assigned.

This certificate and the shares represented hereby are received and held subject to the laws of The Commonwealth of Massachusetts, the Articles of Organization and the By-Laws of the corporation, all as from time to time amended, and the owner of this certificate by accepting the same expressly assents thereto.

The preferences, voting powers, qualifications and special or relative rights or privileges of the shares of each class authorized to be issued, including the shares represented hereby, are fixed in the Articles of Organization of the corporation, as amended, filed in the office of the Secretary of State of The Commonwealth of Massachusetts and the corporation will furnish a copy of the full text thereof to the holder of this certificate upon request and without charge. Pursuant to the foregoing, the Class B common stock has full voting rights and the Class A common stock may not vote in the election of directors but, in limited circumstances, may vote as a class to approve certain corporate transactions and certain amendments to the Articles of Organization.

This certificate is not valid until countersigned and registered by the Transfer Agent and Registrar.

WITNESS the facsimile seal of the corporation and the facsimile signatures of its duly authorized officers.

Dated

CENTURY BANCORP, INC. 1972 MASSACHUSETTS

CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

VICE PRESIDENT AND TREASURER

COUNTERSIGNED AND REGISTERED:
EquiServe Trust Company, N.A.
TRANSFER AGENT AND REGISTRAR

BY

AUTHORIZED OFFICER

The following abbreviation, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	–as tenants in common	UNIF GIFT MIN ACT –	_____________Custodian_______________
TEN ENT	–as tenants by the entireties		(cust) (Minor)
JT TEN	–as joint tenants with night of survivorship and not as tenants in common		under Uniform Gifts to Minors Act_____________________ (state)

Additional abbreviations may also be used though not in the above list.

For value received ___________ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE

Shares

of the capital stock represented by the within Certificate, and do hereby irrevocably constitute and appoint____

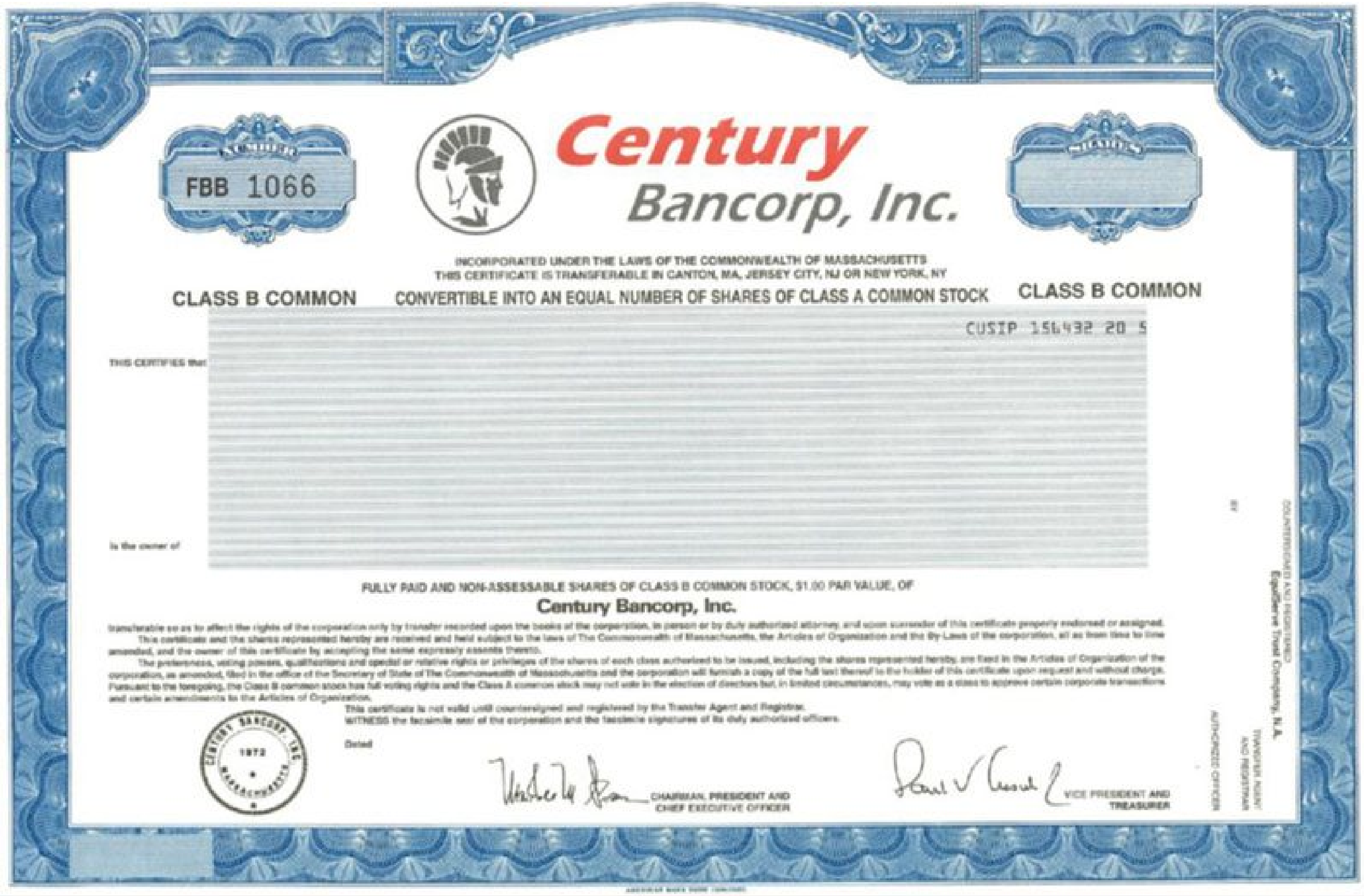
Attorney to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated,____________________

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the Certificate, in every particular, without alteration or enlargement, or any change whatever.

SIGNATURE(S) GUARANTEED:

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15.



NUMBER FBB 1066

SHARES

Century Bancorp, Inc.

INCORPORATED UNDER THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS
THIS CERTIFICATE IS TRANSFERABLE IN CANTON, MA, JERSEY CITY, NJ OR NEW YORK, NY

CLASS B COMMON — CONVERTIBLE INTO AN EQUAL NUMBER OF SHARES OF CLASS A COMMON STOCK — CLASS B COMMON

CUSIP 156432 20 5

THIS CERTIFIES that

is the owner of

FULLY PAID AND NON-ASSESSABLE SHARES OF CLASS B COMMON STOCK, $1.00 PAR VALUE, OF

Century Bancorp, Inc.

transferable so as to affect the rights of the corporation only by transfer recorded upon the books of the corporation, in person or by duly authorized attorney, and upon surrender of this certificate properly endorsed or assigned.

This certificate and the shares represented hereby are received and held subject to the laws of The Commonwealth of Massachusetts, the Articles of Organization and the By-Laws of the corporation, all as from time to time amended, and the owner of this certificate by accepting the same expressly assents thereto.

The preferences, voting powers, qualifications and special or relative rights or privileges of the shares of each class authorized to be issued, including the shares represented hereby, are fixed in the Articles of Organization of the corporation, as amended, filed in the office of the Secretary of State of The Commonwealth of Massachusetts and the corporation will furnish a copy of the full text thereof to the holder of this certificate upon request and without charge. Pursuant to the foregoing, the Class B common stock has full voting rights and the Class A common stock may not vote in the election of directors but, in limited circumstances, may vote as a class to approve certain corporate transactions and certain amendments to the Articles of Organization.

This certificate is not valid until countersigned and registered by the Transfer Agent and Registrar.
WITNESS the facsimile seal of the corporation and the facsimile signatures of its duly authorized officers.

Dated

CENTURY BANCORP, INC. 1972 MASSACHUSETTS

CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

VICE PRESIDENT AND TREASURER

COUNTERSIGNED AND REGISTERED
EquiServe Trust Company, N.A.
TRANSFER AGENT AND REGISTRAR

BY

AUTHORIZED OFFICER

The following abbreviation, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	–as tenants in common	UNIF GIFT MIN ACT –	_____________Custodian_______________
TEN ENT	–as tenants by the entireties		(cust) (Minor)
JT TEN	–as joint tenants with night of survivorship and not as tenants in common		under Uniform Gifts to Minors Act_____________________ (state)

Additional abbreviations may also be used though not in the above list.

For value received ___________ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE

Shares

of the capital stock represented by the within Certificate, and do hereby irrevocably constitute and appoint____

Attorney to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated,____________________

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the Certificate, in every particular, without alteration or enlargement, or any change whatever.

SIGNATURE(S) GUARANTEED:

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15.

Exhibit 10.3

THE CENTURY BANCORP
SUPPLEMENTAL EXECUTIVE RETIREMENT
AND INSURANCE PLAN

First Amendment

THIS FIRST AMENDMENT is made by Century Bancorp, Inc. (the "**Company**") to the Century Bancorp Supplemental Executive Retirement and Insurance Plan, As Amended and Restated Effective as of December 31, 2016 (the "**Plan**") this First Amendment is effective as of January 21, 2020,the date of its adoption by the Board of Directors of the Company (the "**Board**").

W I T N E S S E T H:

WHEREAS, the Company maintains the Plan for a select group of management employees in order to attract, retain and motivate qualified management employees by providing retirement benefits and , in certain cases, survivor income; and

WHEREAS, the Plan current provides for a death benefit for Plan participants who die while employed by the Employer (as defined in the Plan) but prior to the commencement of their retirement benefits under the Plan; and

WHEREAS, the Board wishes to amend the Plan to extend eligibility for the in-service death benefit to participants who die while employed by the employer but after the commencement of their retirement benefits under the Plan; and

WHEREAS, the Board may amend the Plan pursuant to Section 8.4 thereof;

NOW, THEREFORE, BE IT RESOLVED, that the Company hereby amends the Plan as follows, effective as of January 21, 2020:

1 Section 6.1 of the Plan shall be deleted in its entirety and replaced by the following:

6.1 DEATH AFTER COMMENCEMENT OF BENEFITS

In the case of a Participant who dies after the commencement of his retirement benefits under the Plan, retirement benefits under the Plan shall continue after the Participants death, if at all, only to the extent provided under the form of benefit elected under Article V hereof, *provided, that* if at the time of his death the participant is still employed by the Employer, the Participant shall also be eligible for the death benefit pursuant to Section 6.3 hereof.

2. Section 6.3 of the Plan shall be deleted in its entirety and replaced by the following :

6.3 DEATH BENEFIT PLAN – DEATH PRIOR TO TERMINATION OF EMPLOYMENT

If a Participant dies while employed by the Employer, whether before or after the commencement of his retirement benefits under the Plan, the Bank will pay to the Participant's Beneficiary, as a death benefit, an amount equal to the sum of:

(a) in the case of a Participant in the Executive Management Group, five (5) times the annual rate of base salary being paid to the Participant at the time of his death; or

(b) in the case of a Participant in the Senior Management Group, four (4) times the annual rate of base salary being paid to the Participant at the time of his death, plus

(c) in the case of (a) or (b), an additional amount calculated to reimburse the Beneficiary for income taxes payable upon this benefit, determined based upon the highest marginal federal, state and local income tax rates applicable to the Participant in just jurisdiction of the Participant's primary residence as of his date of death.

The death benefit shall be payable to the Beneficiary in a single lump sum; *provided, however, that*, if the Participant so elects in such manner as the Committee shall determine, the death benefit shall be payable to the Beneficiary in five annual installments, with the first installment paid in the year following the Participant's death.

The Benefits provided under this Section 6.3 are intended to constitute "death benefits" within the meaning of Treas. Reg. Section 1.409A-1 (a)(5) and Treas. Reg. Section 31.3121(v)(2)-1(b)(4)(iv)(C), and the portion of the Plan providing such death benefits is intended to constitute a separate death benefits plan for purposes of Section 409A of the Code. The death benefits provided pursuant to this Section 6.3 were previously provided through the Century Bank Survivor Benefit Plan, adopted effective June 1, 2011.

3. All other terms of the Plan shall continue unaffected.

IN WITNESS WHEREOF, this First Amendment to the Plan is hereby executed on this 21st day of January, 2020.

CENTURY BANCORP, INC.

By: ______________________

Name: Barry R. Sloane
Title: Chairman, President & CEO

THE CENTURY BANCORP
SUPPLMENTAL EXECUTIVE RETIREMENT
AND INSURANCE PLAN

Second Amendment

THIS SECOND AMENDMENT is made by Century Bancorp, Inc. (the "**Company**") to the Century Bancorp Supplemental Executive Retirement and Insurance Plan, As Amended and Restated Effective as of December 31, 2016 (the "**Plan**"). This Second Amendment is effective as of October 13, 2020, the date of its adoption by the Board of Directors of the Company (the "**Board**").

W I T N E S S E T H:

WHEREAS, the Company maintains the Plan for a select group of management employees in order to attract, retain and motivate qualified management employees by providing retirement benefits and, in certain cases, survivor income; and

WHEREAS, the Board wishes to amend the Plan to modify the Benefit Percentage (as defined by the Plan) for certain eligible participants; and

WHEREAS, the Board may amend the Plan pursuant to Section 8.4 thereof;

NOW, THEREFORE, BE IT RESOLVED, that the Company hereby amends the Plan as follows, effective as of October 13, 2020:

1. Section 1.1(g) of the Plan shall be deleted in its entirety and replaced by the following:

(g) "BENEFIT PERCENTAGE" means, (i) 75% for Participants who are members of the Executive Management Group and any other Participants specifically designated by the Committee and notified in writing upon initial eligibility to participate in the Plan or thereafter, and (ii) 66% for all other Participants.

2. All other terms of the Plan shall continue unaffected.

IN WITNESS WHEREOF, this Second Amendment to the Plan is hereby executed on this 13th day of October, 2020.

CENTURY BANCORP, INC.

By: ______________________________
Name: Barry R. Sloane
Title: Chairman, President & CEO

Manual

Century Bank

Manual:	Corporate Policy	**Document Number:**	310
Title:	Human Resources	**Revised Date:**	02/02/2021
Section:	300	**Page 1 of 13**	
Subject:	Code of Ethics	**Approval:**	

Approved by Board of Directors 2/09/2021

Purpose and Responsibility

Century Bancorp, Inc., its subsidiaries and affiliates ("Century") are committed to conducting business with integrity and in full compliance with the Federal Bank Bribery Law, 18 U.S.C. 215. Toward that end, the Board of Directors and the Management Committee have endorsed a standard of personal and professional conduct to assure that public confidence in the integrity of Century is maintained. This Code of Ethics seeks to establish a high degree of integrity, honesty and professional excellence and in that regard enunciates principles and guidelines by which all employees, Associates, Officers and Directors (collectively, "Associates") are expected to govern their conduct while in association with Century.

It is Century's policy that all business in which Century and our Associates engage complies with all applicable legal requirements and Century policies as well as with the high standards of professional conduct appropriate to Century's business.

We expect our Associates to be familiar with this Code of Ethics, as well as our business practices and to comply with them. Associates are responsible for knowing and complying with those laws, rules and regulations applicable to their job functions and to seek the advice and counsel of management to clarify issues or to raise legitimate concerns or questions regarding these matters.

Century is committed to ensuring that all Associates are aware of their obligation to report, or cause to be reported, information about activities they reasonably believe to be violations of Century's Code of Ethics. Unless otherwise provided in this Policy, all Associates shall promtly report any known or suspected violations of this Code of Ethics to a member of Management Committee, the Human Resources Director or the Audit Director. Failure to do so is a separate breach of this Code of Ethics. In addition, complaints or concerns regarding Century's accounting, internal accounting controls, or auditing matters, irrespective of their source or materiality, must be made as detailed in the Accounting, Internal Accounting Controls, and Auditing Matters section of this policy.

When contacted by Century's independent and internal auditors, regulators, and attorneys, Associates are required to provide full cooperation and to respond to any inquiries fully and honestly. No Associate shall knowingly conceal or falsify information, misrepresent material facts or omit material facts necessary to avoid misleading Century's independent and internal auditors, regulators, and attorneys, or the public.

Conflict of Interest

Century's conflict of interest policies are comprised of requirements of federal and state law, as well as Century's internal policies and practices.

The Massachusetts Conflict of Interest Law establishes guidelines regarding business dealings between Century and elected officials or employees of the Commonwealth of Massachusetts including any local government within Massachusetts. Simply stated, the offer or giving of gifts, entertainment or oher benefits to influence the behavior of a public official or the seeking or accepting of any such benefits by a public official is prohibited by law and this policy. It is important to point out that corrupt or improper intent is not necessary to establish a violation of this policy. The providing of any gratuity (e.g., entertainment, lodging, gifts) or the providing of gratuities on a frequent basis could be interpreted as seeking the goodwill and/or influence of a public official. Consequently, if you need advice, or if you have reason to believe that giving a gift or entertainment to a public official may violate any law or this policy, discuss the matter with Century's Chief Executive Officer.

Private business and personal activities must be conducted in a manner that avoids conflict, actual or perceived, with the interests of Century and its customers. Therefore, Associates are expected to manage personal and business affairs so as to avoid situations that might lead to conflict or even the appearance of a conflict, between self-interest and professional obligations to Century. For example, you must not represent Century in any transaction in which you have a material connection or a financial interest, nor should you participate in any transaction on behalf of Century that involves relatives or friends (whether the transaction involves them as individuals or as representatives of a company doing business with Century). In addition, Associates cannot process transactions on behalf of themselves, family members or friends including, but not limited to, cashing checks, withdrawals, or deposits; preparing, creating, entering, approving or processing internal transfers (e.g., internal credit/debit tickets); memo posting;or performing account maintenance. Associates are also not allowed to create/issue accounts on their own behalf or on behalf of family members and friends. Furthermore, you are restricted from self-dealing or otherwise trading on your position at Century or accepting from anyone doing or seeking to do business.with Century, a business opportunity not available to other persons or that is made available to you because of your position at Century. Third parties who act on your behalf are also subject to these policies and practices.

A conflict of interest can arise when an Associate, or a family member, has a financial or other interest in a customer or borrower of Century, or other indiviual or company doing business with Century. A conflict of interest also arises whenever an Associate has any outside interest that may:

1) Influence a decision or affect judgment in discharging job responsibilities;
2) Negatively impact the quality of work;
3) Compete with Century's business and/or activities;
4) Involve the use of Century's equipment, supplies, factilies or personnel;
5) Imply sponsorship or support by Century of the outside employment or organization;
6) Adversely affect the reputation of Century.

Associates must disclose all actual or potential conflicts of interest to their Department Head.

Acceptance of Gifts, Entertainment and Favors

In accordance with the Federal Bank Bribery Law, 18 U.S.C. 215, Century's Associates, agents (e.g. consultants, appraisers) and attorneys are prohibited from: (1) soliciting for themselves or for a third party (other than Century itself) anything of value from anyone in return for any business, service or confidential information of Century and (2) accepting anything of value (other than bona fide salary, wages, fees, other compensation paid, or expenses paid or reimbursed, as referred to in 18 U.S.C. 215(c)) from anyone in connection with any business of Century, either before or after a transaction is discussed or consummated. Violations of this federal law are punishable by fines and /or imprisonment.

Gifts from Century's customers, business prospects or suppliers give rise to serious questions of business ethics. You may not solicit or accept, directly or indirectly, any gift, gratuity, favor, entertainment, loan or any other thing of value from an individual or entity who has or is seeking to obtain a business or financial relationship with Century or who is seeking to influence or reward you in connection with any business or transaction undertaken by you on behalf of Century.

Exceptions to the general prohibitions under the Federal Bank Bribery Law and this Policy, which are based upon the assumption of an absence of risk of corruption or breach of trust, are the following:

1) Acceptance of gifts, gratuities, etc., based on a known or disclosed family or personal relationship when the circumstances support that the motivating factor for the gift-giving is the relationship rather than the Associate's affiliation with Century;
2) Acceptance of meals, refreshments, travel arrangements, accommodations or entertainment, all of reasonable value in the course of a meeting or other occasion, the purpose of which is to hold bona-fide business discussions or to foster better relations and provided that the expenses would be paid for by Century if not paid for by the other party;
3) Acceptance of advertising or promotional material of nominal value such as pens, note pads, key chains, calendars and similar items;
4) Acceptance of gifts of reasonable value related to commonly recognized events or occasions such as a promotion, new job, wedding or retirement;
5) Acceptance of loans from other banks or financial institutions made on customary basis and on non-preferential terms to finance proper and usual activities of our Associates;
6) Acceptance of civic, charitable, educational, or religious organization awards for recognition of service and accomplishment.

Notwithstanding the stated exceptions, where the gift giving or other grants, as described, occur under circumstances where the Associate reasonably believes the donor may be seeking to obtain a business or financial relationship with Century or to influence or reward you in connection with any business or transaction undertaken by you on behalf of Century, you should discuss the matter with Century's Chief Executive Officer.

Acceptable gifts must be of nominal value (generally less than $100), based on local custom and the type that can be reciprocated, such as the occasional business meal or tickets to the theatre or a sporting event. A gift of cash is never acceptable. If an Associate stands to benefit from other direct or indirect benefits, such as commissions, special discounts, free services or other payment or concessions, these should not exceed those that would be available to the general public.

Any gift or other item that you may receive should never place you in a compromising position with respect to your functions at Century. If it does, then it is best to politely decline gift or item. If you feel that declining a gift may adversely impact Century's business relationship, then you should alert your Manager or Department Head. It may be necessary to consider the item a gift to Century in order to avoid improper personal enrichment.

If you are offered, or if you receive anything of value beyond what is authorized in this Code of Ethics Policy, you are required to disclose that fact to Century's Chief Executive Officer within 10 business days. Management will review such disclosures to determine whether the transaction in question is reasonable and appropriate and does not otherwise negatively reflect upon Century's integrity.

Century expects those individuals and companies who conduct business for or on behalf of Century (e.g. attorneys, appraisers and consultants) to do so in strict conformity with our Conflict of Interest and Gifts, Entertainment and Favors policies. In order to ensure that our business partners are aware of our expectations, Century will provide a copy of our policies to such individuals. We encourage any such individuals who have any questions about our policies to direct their inquiries to Century's Director of Human Resources or Chief Executive Officer.

Trust and Estate Matters

No Associate or member of an Associate's family (with certain limited exceptions) may accept any gift or bequest under a will or a trust or similar instrument from a customer of Century unless the customer is a member of the Associate's family[1] or Century's Chief Executive Office has approved the gift or bequest, after consultation with legal counsel. An Associate may never demand, request or solicit any benefit under a will or trust instrument from a customer of Century.

No Associate or member of an Associate's family may act in any fiduciary capacity under a will, trust, or other instrument of a customer of Century unless approval has been obtained from Century's Chief Executive Officer after consultation with legal counsel. This does not apply to a will, trust or other instrument established by a member of the Associate's family.

In all cases, when Century's Chief Executive Officer is requested to approve (i) the acceptance by an Associate or member of an Associate's family of any gift or bequest from a customer or (ii) that an Associate or member of an Associate's family act in a fiduciary capacity under a will, trust, or other instrument of a customer of Century, the Chief Executive Officer will approve or deny such requests based upon the reasonableness of the circumstances and whether the circumstances pose actual or potential harm to Century's reputation or integrity. The office of the Chief Executive Officer will maintain copies or records of all requests and responses.

In all estate or trust matters involving Associates where Century is a fiduciary, senior management of Century must be consulted in advance in order to ensure compliance with applicable laws and regulations.

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1 For these purposes, the following individuals and/or entities shall be considered to be a member of the Associate's family: any child, stepchild, grandchild, grandparent, parent, stepparent, spouse, former spouse, sibling, niece, nephew, aunt, uncle, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law (including adoptive relationships of the Associate); any person sharing the Associate's household (other than a tenant or employee); or any legal entity (e.g. trust, corporation, foundation, partnership, etc.) in which the forgoing persons, individually or collectively, have more than fifty percent of the beneficial interests, control the management of assets, or own more than fifty percent of the voting interest.

Giving Gifts

Century does not offer or make payments, nor do we provide other inducements (including excessive entertainment) to government officials or to customers in order to sell our products or services .Subject to business expense reimbursement guidelines, authorized Associates may extend certain appropriate entertainment to customers. When circumstances warrant a gift, you should be sure that your gift will not be misinterpreted as consideration for an official or other business favor. Associates may not attempt to influence the official act of any employee or official or other business favour. Associates may not attempt to influence the official act of any employee or representative of any government by promising or giving money, gifts, loans, or other unlawful inducements.

Suspicious Activity Reporting and Money Laundering

Century has policies and procedures for reporting frauds and potential losses. You should familiarize yourself with how these may apply in your area of responsibility, as there are legal and time sensitive requirements for filing "Suspicious Activity Reports" (SARs) with government authorities. If you become aware of suspicious activity or other facts, which give you a reasonable basis for believing a crime, has occurred, or may occur, immediately contact the Security Officer.

The process by which criminals disguise their connection to and the true source of profits from illegal undertakings is known as money laundering. There are severe penalties for knowingly engaging in a financial transaction where proceeds are obtained from illegal activities, such as fraud, drug trafficking, or other crimes. Please be vigilant in protecting Century from those who may launder money. For further details regarding the prevention of money laundering, refer to Century's Bank Secrecy Act and Anti-Money Laundering Policies.

Confidential Information

As an Associate of Century, you likely will have access to highly confidential and sensitive information. Century entrusts Associates with highly sensitive, confidential and restricted information including trade secrets, strategic planning, product development, proprietary, third party, customer and supplier information (collectively, "confidential information"). Your access to confidential information is only for the performance of Century's business, and you are expected to safeguard such information and alter it only in the proper execution of your job functions. Unauthorized access or misuse of this confidential information for personal gain or for any purpose other than the proper performance of your job is against Century's policy, contrary to Century's best interest, and warrants disciplinary action. You have a responsibility not to disclose or request disclosure of confidential information about Century, or confidential information about a customer or supplier to anyone who is not authorized to receive it or has no need to know, or to anyone else except as may be authorized by the customer or supplier, applicable law (e.g., to supervisory regulators), or appropriate legal process, (e.g., subpoena).

Associates are to take precautionary measures to prevent intentional and unintentional disclosure of any and all confidential information. Documents containing confidential information should be produced, copied, faxed, field, stored and discarded by means designed to eliminate the risk that unauthorized persons obtain access. Confidential information should not be communicated over cellular phones, transmitted via e-mail or publicly discussed. Access to work areas and computers should be properly controlled. Refer to Century's Information Security Policy statement for additional details.

Associates may never use confidential information for personal gain or to benefit any person or entity, other than Century, either during employment or after.

Associates are also not to intercept data, gain access to data in transmission, attempt entry into any systems, files, or records, for which they are not specifically authorized, or to introduce unauthorized codes, data or information, make false or artificial entries, or give erroneous or misleading information.

An Associate's violation of this policy may warrant disciplinary action, up to and including termination. In addition, Century could institute legal action against an Associate to remedy and/or prevent an Associate's disclosure of confidential information. Finally, depending upon the nature of the confidential information (e.g. trade secrets), an Associates action may implicate civil and criminal statutes that provide for civil remedies (including the award of multiple damages) and criminal penalties (including fines and/or imprisonment).

Customer and Customer Account Information Privacy

Though several laws and regulations impact consumer privacy, there are four clear principles that govern in this area:

1) Century and its Associates have the duty to respect the privacy of its customers.
2) Century and its Associates have the duty to maintain the security and confidentially of customer information.
3) Consumers have a right to know Century's privacy policies and practices.
4) Consumers have a right to choose how their information is shared.

Century's customers expect that Non-public Personal Information (NPI) regarding their business and affairs, which come into Century's possession, will be used only for proper purposes exclusively within Century. In accordance with the Century's Customer Privacy Statement, Century has developed restrictions on the disclosure of customer and customer account information. Century will not reveal specific information about a customer or a customer account to nonaffiliated third parties for their independent use. However, Century recognizes the following exceptions to this rule:

1) If the customers expressly authorizes Century to provide such information, Century may honor that request.
2) Century may provide customer and customer account information to an auditor or examiner of Century, solely for the purpose of an official audit or accounting.
3) Century may provide customer and customer account information to an attorney or collection agency in furtherance of a legitimate business purpose, such as the collection of a customer debt.
4) Century may exchange information about our customers with reputable information reporting agencies or merchants in accordance with standard banking industry practice, so that we can verify the existence and condition of customer's accounts.
5) Century must comply with certain laws that requires mandatory disclosure of customer and/or customer account information. For example, if a customer is involved in a legal proceeding, Century may be compelled by court order or subpoena to produce records regarding that customer's account or relationship with Century. Laws such

as the Bank Secrecy Act, the Internal Revenue Code and the Right to Financial Privacy Act may require us, under certain circumstances, to provide certain customer information to Federal or State Regulatory Authorities, Bank Examiners, government agencies. In such instances, Century will limit disclosure to what is required by law.

The Fair Credit Reporting Act places restrictions on Associates and their authority to divulge certain information. Associates may not obtain or provide credit or other information unless their Manager has authorized them to do so, and the customer has provided written permission. An exception to this rule applies in the situation where credit, during its term, is delinquent or becomes suspect. In such cases, it may be prudent and it is permissible to request a credit report without receiving the customer's approval, as long as approval was received at the time the loan was first requested. Violations of this federal law call for monetary fines, imprisonment, or both.

With regard to business related credit, there are certain rules of conduct and practices (including confidentiality) that are accepted in the banking business and which have been adopted as Robert Morris Associates (RMA) Standards. If you are a leader and are not familiar with that protocol, consult with your Department Head.

If you become aware of Privacy Policy abuses or other facts that give you a reasonable basis for believing a privacy breach has occurred, is occurring, or may occur, immediately contact the Security Officer, your Department Head, a Management Committee Member, Human Resources Director or Audit Director.

Associates may be held civilly and criminally liable for using confidential and/or trade secret information (obtained while serving as a Director or employee) for personal benefit. They may also be subject to governmental or corporate administrative action. Century's business and customer information and any related files are confidential and cannot be disclosed to unauthorized persons without permission.

Related with competitors

Century's Associates are to maintain an independent, arms-length relationship with competitors and at no time should Associates disclose confidential information to competitors.

To ensure fair competition and to observe high standards of ethical conduct in our relationship with competitors, Century does not enter into arrangements with competitors for the purpose of setting or controlling prices, rates, trade practices, marketing policies, nor disclose to competitors future plans of Century that have not been disclosed generally to the public. Associates are discouraged from and should avoid engaging in disparaging statements or remarks regarding our competitors. Competition should be undertaken on the merits of Century's product and services and on no other basis.

Relations with Suppliers

When purchasing goods (e.g., supplies, equipment) and services (e.g., consulting, legal) for Century, decisions should be based upon objective criteria, such as price, quality, availability, terms, service and overall value and in accordance with Century's Purchasing Policy. Associates should maintain an arm's length relationship with suppliers and vendors and ensure that transactions be consistent with market terms and objective criteria.

Outside Activities

Century recognizes that Associates may hold employment and engage in a variety of interests outside Century. However, Associates should carefully consider the demands of outside activities and ensure that such activities do not pose a conflict of interest or the appearance of a conflict with Century or its customers. Outside activities or employment must be undertaken in deference to your schedule at Century. Normal disciplinary action will be taken to address poor job performance including, but not limited to, tardiness, absenteeism, or lack of flexibility in scheduling, without regard to whether such difficulties are created by outside employment or activities.

Associates may be required to file annual statements of outside employment, affiliations and financial interests to determine if there are any conflicts or apparent conflicts of interest or violations of Century's policies.

- **Employment**

Any outside employment, which materially impacts your corporate duties, or which in any conflicts or competes with Century's business, is not permitted. Associates may not perform any outside services for customers that are normally performed by Century's employees. Concurrent employment (including the offering of skills, knowledge and services) with Century's competitors constitutes a conflict of interest. Associates are encouraged to discuss any questions concerning the propriety of outside employment with management.

- **Community Organizations and Government Bodies**

Century encourages participation in civic, charitable and educational organizations. These activities should not encroach upon working time, interfere with regular duties, negatively impact the quality of work, or subject Century to liability, criticism or adverse publicity. Before pursuing or accepting any appointment as a Director or Officer or Member of any non-profit community organization or government body, you must disclose the particulars to and receive the approval of Century's Chief Executive Officer.

- **Outside Directorships, Partnerships, Sole Proprietorships**

Before accepting a position as a Director or Officer of a corporation or becoming a member of a business partnership or engaging in a sole proprietorship, Associates (excluding Century's Board of Directors) must seek an obtain approval from Century's Chief Executive Officer. Associates will be asked to disclose the name of the business entity, the nature of the business, whether any conflicts of interest are present, whether there are any fees to be earned, and whether there are any commercial relationships between the business entity and Century. As a general practice, approval will not be granted for serving as a Director or Officer of a business entity with which Century has a business relationship as this creates the potential for a conflict of interest.

- **Political Activities**

Every Associate has the right to take an active interest in government and political processes. However, any such participation is undertaken as an individual, not as a representative of Century. Individual political activity should be conducted in such a manner as to ensure that it does not adversely affect Century and that it does not appear to represent the views or position of Century. Lobbying activity, other than “incidental contact” may trigger registration and reporting requirements.

It is unlawful for a bank to make political contributions. As an Associate, it is also unlawful for you to make, consent or promise to make any such contribution on behalf of Century, directly or indirectly. Associates of securities industry subsidiaries may be subject to additional restrictions on political contributions.

Financial Responsibility

Any Associate who owns stock, stock option, bonds, notes or other form of equity interest or indebtedness in any corporation or other business organization must report any such financial interest to the Chief Executive Officer’s office in writing when the ownership meets the following criterion:

- Personal or family membership or interest representing 5% or greater ownership or controlling interest in any person, entity, and organization that is or prospectively may be a customer, supplier, or competitor of Century. Such disclosure is to be reported to the Chief Executive Officer’s office within 10 days of occurrence.

Associate account(s) with Century are subject to the same standard, policies and fees as any customer, with the exception that some fess may be waived as employee benefits.

Associates are expected to manage their personal financial affairs in a timely, responsible manner and in such a way that they do not adversely impact job performance or Century’s reputation or image in the community. This includes, but is not limited to, bank accounts, loans, tax filings, credit cards and other financial obligations. Failure to meet financial obligations may impose an administrative and financial burden on Century. Due to the nature of our business, it may be necessary to re-assign you to a different position or terminate your employment if it is determined that your personal financial situation does not comply with our standards.

Gambling

Gambling is not allowed on any of Century’s premises, owned or leased. Century’s telephones, computers, faxes, copy machines and e-mail systems may not, under any circumstances, be used for gambling or betting.

Insider Trading

While all Associates of Century are encouraged to invest in Century stock for their personal accounts, certain general restrictions apply to all employee transactions in order to comply with applicable laws and to avoid the appearance of impropriety.

Laws prohibit trading in the securities of any company while in possession of material, non-public information (a) obtained from a corporate insider or (b) misappropriated in breach of a duty of loyalty and confidentiality owed to the sources of the information. Examples of material, non-public information include interim earning figures, possible acquisitions, divestitures, joint ventures, new product information, confidential information from a prospective borrower, information obtained in connection with underwriting or dealing activities, or any other confidential information regarding Century's business.

It is also illegal to "tip" or pass on this inside information to any other person if you know or reasonably suspect that the person receiving such information from you will misuse such information by trading in securities, or will pass such information on further.

Therefore, you may not trade in Century stock any time you become aware of major developments that have not yet been publicly announced by Century or if you know any other information about Century, which if known by the public, might influence the price of Century stock. These prohibitions apply to all Century Associates and your immediate family and "affiliates"[2] while in possession of material, non-public information about Century, or its subsidiaries, taken as a whole. These prohibitions apply whenever you are in possession of material, non-public information, even if your decision to trade in the stock would be based on factors other than the inside information. Select "information sensitive" Associates may be subject to additional restrictions, policies and reporting requirements regarding personal trading of Century stock.

During the period beginning on the date of Century's Board of Directors' meeting prior to the end of a calendar quarter until the third business day following the press release containing that quarter's results, Associates are prohibited from trading in Century Bancorp Stock in order to avoid the appearance of impropriety. The exercise of stock options for cash and the purchase of shares pursuant to the Century Bancorp Inc. 2004 Stock Option Plan (but not the sale of any shares issued upon such exercise or purchase and not a cashless exercise accomplished by the sale of a portion of the shares issued upon exercise of an option) are exempt from the trading prohibition portion of this policy, since the price does not vary with the market and is fixed by the terms of the Century Bancorp Inc. 2004 Stock Option Plan.

The personal consequences to Associates of illegally trading securities using material, non-public information can be quite severe and may include possible imprisonment and significant fines.

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2 The term "affiliates" includes trusts or other entities or accounts if you or your spouse control or influence investment decisions. It does not include a trust in which you or family members are merely beneficiaries, if neither you nor you spouse have advance knowledge of or influence or control investment decisions by the trustees. It does include a discretionary account with a broker, even though the broker may routinely make investment decisions for the account without prior consultation with you, since the owner retains legal control over that account. Thus, if you have any such discretionary accounts, you should be sure to make your broker aware of the restrictions of this Policy.

Investment Officers and Associates

Anyone making investments on behalf of Century is prohibited from taking advantage of relationships established in the performance of this duty. Investment Officers and Associates should not conduct any transactions of participate in any activities that represent an actual or perceived conflict of interest or influence market conditions. Specifically, an Investment Officer or Associate is prohibited from buying securities for his/her own account through salespeople through whom he/she buys or sells securities for Century's account, and may not accept gifts, entertainment, free travel, and other perquisites from a securities dealer or employees who work for securities firm. If an Investment Officer or Associate is ever approached with a transaction that would benefit him/her personally, he/she is to report the circumstances immediately to his/her Manager or Department Head and stop placing investment orders through that firm.

Investment Officers and Associates are prohibited from investing in the securities of a supplier or vendor to Century where the Investment Officer or Associates has substantial responsibility for representing Century in its relationships with that firm.

Accounting, Internal Accounting Controls, and Auditing Matters

Century maintains the highest standards in preparing accounting and financial information disclosed to the public. There should never be issued any information that is false, misleading, incomplete, ultimately or would lead to mistrust by the public, our customers, or our stockholders. All accounting shall be compiled accurately, with the appropriate accounting entries properly classified when entered on the books.

In accordance with the Sarbanes Oxley Act, as well as other applicable laws, the Audit Committee has established procedures for receiving and handling Associate complaints related to accounting, internal accounting controls, or auditing matters. Associates are provided a means to report such matters in a confidential and protected manner. Information disclosed to the Audit Director or the Audit Committee will be kept in strict confidence and will not be disseminated, except to the extent necessary to conduct a complete and fair investigation or to take appropriate corrective action. The Audit Committee will not tolerate any retaliation (e.g., discharge, demotion, suspension or threats), or discrimination by Century, or its subsidiaries or affiliates, against any person who, in good faith, makes a report about conduct that has resulted, or could result, in a violations of law, related to accounting, internal accounting controls, or auditing matters and related violations of Century policy. Similarly, any Associate who discourages or prevents another Associate from making such report or seeking the help or assistance they need, will be subject to disciplinary action. Any incidents of retaliation or discrimination should be reported to the Audit Director or the Human Resources Director.

A report is made in good faith when it is made without malice or consideration of personal benefit and the Associate has a reasonable basis to believe that the report is true: provided, however, a report does not have to be proven to be true to be made in good faith. Good faith is lacking when the disclosure is known to be malicious or false.

Associates should promptly report complaints related to accounting, internal accounting controls, or auditing matters, and related violations of Century policy. Associates may report concerns by making a non-anonymous report to the Audit Director. Alternatively, Associates may submit their concerns on a confidential and anonymous basis to the Audit Committee by providing both a detailed description of the issue and supporting documentation, when available, to Stephen Delinsky, Esq., Chair of the Audit Committee, at 781.444.0474, P.O. Box 226, Medford, MA 02155 or srdelinsky@comcast.net. While Associates are encouraged to report complaints as provide under this policy, it is not intended to prevent Associates from reporting complaints to proper authorities, such as the Securities and Exchange Commission.

In the event of reported improprieties, the Audit Director and/or Audit Committee will ensure that an investigation is promptly performed, to be followed by appropriate corrective action. Complaints received will be assigned a case number to ensure the protection of the Associate's identity. The Audit Director will report to the Audit Committee quarterly (or immediately when necessary or required) regarding complaints, allegation, and developments related to accounting, internal accounting controls, or auditing matters.

An Oversight Board, Which is comprised of the Audit Committee and the Audit Director, has been established to provide for the appropriate handling of all complaints and has the authority to take corrective action. The Oversight Board will meet at least annually to review the nature of the complaints received and ensure concerns have been handled properly. The Oversight Board may meet more frequently in the event of a significant disclosure requiring more immediate involvement.

The Human Resources Department will be responsible for communicating this Accounting, Internal Accounting Controls, and Auditing Matters Whistleblower policy to Associates upon hire and periodically thereafter.

Various Criminal Statutes

Numerous criminal laws apply to Associates of all financial institutions including Century. These laws prohibit engaging in certain conduct, including the following:

- Stealing, embezzling, or misapplying funds or assets:
- Receiving a fee, commission or gift for procuring a loan;
- Certifying a check drawn on an account in which there are not sufficient collected funds;
- Making a loan or giving a gift to bank examiner who has authority to examine Century;
- Knowingly making or causing a false or fictitious entry to be made in Century's records;
- Making usurious extensions of credit; and
- Failing to fire currency transactions or other reports required by law.

Actual or suspected violations are to be reported, in confidence, to the Department Head, a Management Committee member, the Human Resources Director or the Audit Director. Confirmed ethics violations must be reported to the Audit Director and Century's Chief Executive Officer.

Manual

Manual:	Corporate Policy	**Document Number:**	310
Title:	Human Resources	**Revised Date:**	02/02/2021
Section:	300	**Page 13 of 13**	
Subject:	Code of Ethics	**Approval:**	

Approved by Board of Directors 2/09/2021

Summary

Each and every Associate has individual responsibility for Century's reputation. It is important to thoroughly understand the spirit, as well as the specifies, of the policies outlined above and understand that integrity is one of the most important characteristics Century can possess.

In addition to disciplinary action that Century may take, up to and including termination, some policy violations may require restitution and could lead to civil or criminal charges against individuals and/or Century. Century cooperates with all law enforcement agencies that are responsible for investigating and procesecuting violations of law.

Our customers, our communities, and our business partners depend on us to be responsible and to act ethically. With standards such as ours, we hope to meet their expectations and maintain the high standards for which Century is, and must continue to be, known.

1.0	1/26/2018	Policy approved and revision recording begins
2.0	1/14/19	Grammatical changes
3.0	1/14/2020	No Changes
4.0	2/2/2021	Removed Joseph Senna as Chair of Audit Committee and replaced with Stephen Delinsky

Exhibit 21

Subsidiaries of the Registrant:

1) **Century Bank and Trust Company**

2) **Century Bancorp Capital Trust II**

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors

Century Bancorp, Inc.:

We consent to the incorporation by reference in the registration statements (Nos. 333-118208, 333-58196, and 333-29987) on Form S-8 of Century Bancorp, Inc. of our reports dated March 10, 2021, with respect to the consolidated balance sheets of Century Bancorp, Inc. and its subsidiaries as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements), and the effectiveness of internal control over financial reporting as of December 31, 2020, which reports appear in the December 31, 2020 annual report on Form 10-K of Century Bancorp, Inc.

/s/ KPMG LLP

Boston, Massachusetts

March 10, 2021

Exhibit 31.1

I, Barry R. Sloane, certify that:

1. I have reviewed this annual report on Form 10-K of Century Bancorp, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the period presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 (e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant, and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and;

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors;

(a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: March 10, 2021

/s/ Barry R. Sloane
Barry R. Sloane
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

I, William P. Hornby, certify that:

1. I have reviewed this annual report on Form 10-K of Century Bancorp, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the period presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 (e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant, and we have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and;

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors;

(a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: March 10, 2021

/s/ William P. Hornby
William P. Hornby
Chief Financial Officer and Treasurer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO

18 U.S.C. Section 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Century Bancorp, Inc. (the "Company") for the year ended December 31, 2020, as filed with the Securities and Exchange Commission, the undersigned, certifies, to the best knowledge and belief of the signatory, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Barry R. Sloane

Barry R. Sloane
Chairman, President and Chief Executive Officer

Date: March 10, 2021

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO

18 U.S.C. Section 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Century Bancorp, Inc. (the “Company”) for the year ended December 31, 2020, as filed with the Securities and Exchange Commission, the undersigned, certifies, to the best knowledge and belief of the signatory, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ William P. Hornby

William P. Hornby
Chief Financial Officer and Treasurer

Date: March 10, 2021

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 99.2

CENTURY BANCORP, INC.

Nominating Committee Policy and Procedures

General. The Nominating Committee shall provide assistance to the Board of Directors in fulfilling its responsibilities by:

1. Evaluating candidates for nomination to the Board of Directors.

2. Recommending to the Board the nomination of candidates for reelection and election as Directors.

3. Assisting in the identification of individuals qualified to become directors as needed.

4. Recommending to the Board candidates for appointment as members of Committees of the Board.

Composition. The Committee shall be comprised of three or more members of the Board of Directors, each of whom is determined by the Board of Directors to be "independent" in accordance with the rules of the NASD.

Appointment and Removal. The members of the Committee shall be appointed by the Board of Directors and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. Members of the Committee may be removed with or without cause by a majority vote of the Board of Directors.

Chairman. Unless a Chairman is elected by the full Board of Directors, the members of the Committee shall designate a Chairman by majority vote of the full Committee membership. The Chairman will chair all sessions of the Committee and will set the agendas for Committee meetings.

Process for Identifying and Evaluating Nominees. The process that the Nominating Committee follows when it identifies and evaluates individuals for nomination for election to the Board of Directors is as follows:

Identification. For purposes of identifying potential candidates as nominees for the Board of Directors, the Nominating Committee relies on personal contacts of the Committee and other members of the Board of Directors, as well as its knowledge of members of the Company's local communities. The Nominating Committee will also consider director candidates recommended by shareholders in accordance with the procedures set forth below and any relevant provisions of the Company's Bylaws. The Nominating Committee does not use an independent search firm in identifying nominees.

Evaluation. In evaluating potential candidates, the Nominating Committee determines whether the candidate is eligible and qualified for service on the Board of Directors by evaluating the candidate under the selection criteria set forth below and any relevant provisions of the Company's Bylaws. In addition, as appropriate, the Nominating Committee will conduct a check of the individual's background and interview the candidate.

Selection Criteria. The Nominating Committee has adopted a set of criteria that it considers when it selects individuals to be nominated for election to the Board of Directors. A candidate must meet any eligibility requirements under law or set forth in the Company's Bylaws and a requirement that the candidate not have been subject to certain criminal or regulatory actions. In addition, the Committee considers, among others, residency or business ties in any county or contiguous county to where the Company or its subsidiaries have an office.

The Nominating Committee will also consider the following criteria in selecting nominees: financial, regulatory and business experience and skills; familiarity with and participation in the local community; integrity, honesty and reputation; time availability (including the number of other boards the candidate sits on); dedication to the Company and its stockholders; independence; NASD listing requirements; needs of the Board and the Company; and any other factors the Nominating Committee deems relevant, including age, diversity, residence or location of potential nominee's business, size of the Board of Directors and regulatory disclosure obligations.

In addition, prior to nominating an existing director for reelection to the Board of Directors, the Nominating Committee will consider and review an existing Director's Board and Committee attendance and performance; experience, skills and contributions that the existing Director brings to the Board; and independence.

Consideration of Shareholder Candidates. It is the policy of the Nominating Committee of the Board of Directors of the Company to consider director candidates recommended by shareholders who are qualified to serve on the Company's Board of Directors. If no vacancy exists on the Board of Directors and the Nominating Committee does not perceive a need to increase the size of the Board of Directors, the Nominating Committee may choose not to conduct a full evaluation of an unsolicited recommendation. In order to avoid the unnecessary use of the Nominating Committee's resources, the Nominating Committee will consider only those director candidates recommended in accordance with the procedures set forth below and any relevant provision of the Company's Bylaws.

Procedures to be Followed by Stockholders. To submit a recommendation of a director candidate to the Nominating Committee, a shareholder should submit the following information in writing, addressed to the Chairman of the Nominating Committee, care of the Corporate Secretary, at the main office of the Company:

1. The name of the person recommended as a director candidate and all information relating to such person that would indicate such person's qualifications;

2. All information relating to such person that is required to be disclosed in solicitations of proxies for election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended;

3. The written consent of the person being recommended as a director candidate to being named in the proxy statement as a nominee and to serving as a director if elected;

4. As to the shareholder making the recommendation, the number of shares and the name and address, as he or she appears on the Company's books, of such shareholder; provided, however, that if the shareholder is not a registered holder of the Company's common stock, the shareholder should submit his or her name and address, along with a current written statement from the record holder of the shares that reflects ownership of the Company's common stock; and

5. A statement disclosing whether such shareholder is acting with or on behalf of any other person and, if applicable, the identity of such person.

In order for a director candidate to be considered for nomination at the Company's annual meeting of shareholders, the recommendation must be received by the Nominating Committee not less than ninety (90) days prior to the date of the meeting; provided, however, that in the event that less than one hundred (100) days' notice or prior disclosure of the date of the meeting is given or made to the stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the 10th day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made.

Manual

Manual:	Corporate Policy	**Document Number:**	318
Title:	Human Resources	**Revised Date:**	10/26/2020
Section:	300	**Page 1 of 3**	
Subject:	Compensation Committee Charter	**Approval: ____________________**	

Compensation Committee November 10, 2020 - Board of Directors January 19, 2021

Century Bancorp Compensation Committee Charter

Purpose

The purpose of the Compensation Committee is to provide overall guidance with respect to the establishment, maintenance and administration of Century Bancorp, Inc.'s compensation programs and employee benefit plans, including reviewing and approving the Chairman, President and CEO's and other executive officers' compensation as set forth below.

Committee Membership

The Committee shall be composed of at least three Directors. The members shall be appointed and replaced by the board on the recommendation of the Nominating Committee. Each member shall meet the criteria for independence as established by the Board in accordance with the NASDAQ Exchange listing standards and any other applicable laws, rules and regulations regarding independence as they are set in effect from time to time.

In addition, in affirmatively determining the independence of any director who will serve on the Compensation Committee, the board of directors must consider all factors specifically relevant to determining whether a director has a relationship to the Company which is material to that director' s ability to be independent from management in connection with the duties of a compensation committee member, but not limited to:

(i) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the Company to such director; and

(ii) whether such director is affiliated with the Company, a subsidiary of the Company or an affiliate of the Company.

Duties and Responsibilities

The Committee shall have the following duties and responsibilities with respect to the compensation of the executive officers of Century Bancorp, Inc.:

1. Review and approve corporate goals and objectives relevant to the compensation of the Chairman, President and CEO and other Senior Executive Officers; evaluate the Chairman, President and CEO' s performance in light of those goals and objectives, and set, subject to the further approval of the independent directors to the extent required by the Corporation's bylaws, the Chairman, President and CEO's and Senior Executive Officers' compensation based on these evaluations.

2. Review and approve the annual compensation of the executive officers of Century Bancorp Inc., including salary, incentive compensation, equity based plans and other benefits, direct and indirect.

3. Review and adopt proposals related to any employee benefit plan of Century Bancorp, Inc., or its subsidiaries (including such plans in which any executive officer participates), including proposals for the adoption, amendment, modification or termination of such plans.

In determining the long-term incentive component of the Chairman, President and CEO' s compensation, the Committee shall consider Century Bancorp, Inc.'s performance and relative shareholder return, the value of similar incentive awards to Chief Executive Officers at comparable companies, and the awards given to Century Bancorp, Inc.'s Chairman, President and CEO in past years. The Chairman, President and CEO shall not be present during voting or any deliberations on his compensation.

In addition, the Committee shall:

1. Produce the compensation committee report for inclusion in Century Bancorp, Inc.' s annual SEC Form 10-k.

2. Periodically review and make recommendations to the Board as to the form and amount of compensation for Century Bancorp, Inc.'s directors. Director compensation should provide reasonable compensation for non-employee directors commensurate with their duties and responsibilities as directors, and provide a sufficient level of compensation necessary to attract and retain the highest quality individuals.

3. Monitor the salary administration program by reviewing and approving the proposed personnel expenses for each year and by reviewing on a quarterly basis during the year summary statistical information relating to the administration of those proposed expenses; and reviewing results of salary surveys or other market data as appropriate.

4. Make regular reports to the Board on the Committee's activities.

5. Review and reassess the Charter annually and recommend any proposed changes to the Board for approval.

6. Conduct an annual review of its own performance.

7. Form and delegate authority to subcommittees when appropriate, including without limitation the Management Compensation Committee and the Corporate Benefits Committee.

Outside Advisors

The Committee shall have the authority, in its sole discretion, to select, retain and obtain the advice of any such compensation consultant as necessary to assist with the execution of its duties and responsibilities as set forth in this Charter. The Committee shall set the compensation, and oversee the work, of any such compensation consultant. The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of outside legal counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Committee shall set the compensation, and oversee the work, of its outside legal counsel and other advisors. The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to its compensation consultants, outside legal counsel and any other advisors. However, the Committee shall not be required to implement or act consistently with the advice or recommendations of its compensation consultant, legal counsel or other advisor to the compensation committee, and the authority granted in this Charter shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties under this Charter.

In seeking advice from compensation consultants, outside counsel and other advisors, the Committee must take into consideration the factors specified in NASDAQ Rule 5605(d)(3)(D). The Committee may retain, or receive advice from, any compensation advisor they prefer, including ones that are not independent, after considering the specified factors. The Committee is not required to assess the independence of any compensation consultant or other advisor that acts in a role limited to consulting on any broad-based plan that does not discriminate in scope, terms or operation in favor of executive officers or directors and that is generally available to all salaried employees or providing information that is not customized for a particular company or that is customized based on parameters that are not developed by the consultant or advisor, and about which the consultant or advisor does not provide advice.

To the extent permitted by applicable law, the Committee may delegate to management certain of its duties and responsibilities, including with respect to the adoption, amendment, modification or termination of benefit plans and with respect to the awards of stock options under certain stock plans.

1.0 09/5/2018 Policy approved and revision recording begins

2.0 11/5/2019 Grammatical changes.

3.0 10/26/2020 Updated officer title to reflect Chairman, President and CEO