

**BOSTON PRIVATE**  
FINANCIAL HOLDINGS, INC.

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**Second Quarter 2012 Results**

**Clayton Deutsch**  
CEO & President

**David Kaye**  
Chief Financial Officer

**Mark Thompson**  
CEO, Boston Private Bank & Trust Company

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*July 19, 2012*

# Forward Looking Statement

*This presentation contains financial information determined by methods other than in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Company's management uses these non-GAAP measures in its analysis of the Company's performance. These measures typically adjust GAAP performance measures to exclude significant gains or losses that are unusual in nature. Because these items and their impact on the Company's performance are difficult to predict, management believes that presentations of financial measures excluding the impact of these items provide useful supplemental information that is essential to a proper understanding of the operating results of the Company's core businesses. These disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures which may be presented by other companies.*

*Statements in this presentation that are not historical facts are 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, and are intended to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve risks and uncertainties. These statements, which are based on certain assumptions and describe our future plans, strategies and expectations, include, among others, statements regarding our strategy, evaluations of future interest rate trends and liquidity, prospects for growth in assets, and prospects for overall results over the long term. 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. Forward-looking statements are based on the current assumptions and beliefs of management and are only expectations of future results. The Company's actual results could differ materially from those projected in the forward-looking statements as a result of, among other factors, adverse conditions in the capital and debt markets and the impact of such conditions on the Company's private banking, investment management and wealth advisory activities; changes in interest rates; competitive pressures from other financial institutions; the effects of a continuing deterioration in general economic conditions on a national basis or in the local markets in which the Company operates, including changes which adversely affect borrowers' ability to service and repay our loans; changes in loan defaults and charge-off rates; changes in the value of securities and other assets, adequacy of loan loss reserves, or decreases in deposit levels necessitating increased borrowing to fund loans and investments; increasing government regulation, such as the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010; the risk that goodwill and intangibles recorded in the Company's financial statements will become impaired; the risk that the Company's deferred tax asset may not be realized; and risks related to the identification and implementation of acquisitions; changes in assumptions used in making such forward looking statements, as well as the other risks and uncertainties detailed in the Company's Annual Report on Form 10-K, as updated by the Company's Quarterly Reports on Form 10-Q; and other filings submitted to the Securities and Exchange Commission. The Company does not undertake any obligation to update any forward-looking statement to reflect circumstances or events that occur after the date the forward-looking statements are made.*

# Consolidated P&L Highlights – Linked Quarter

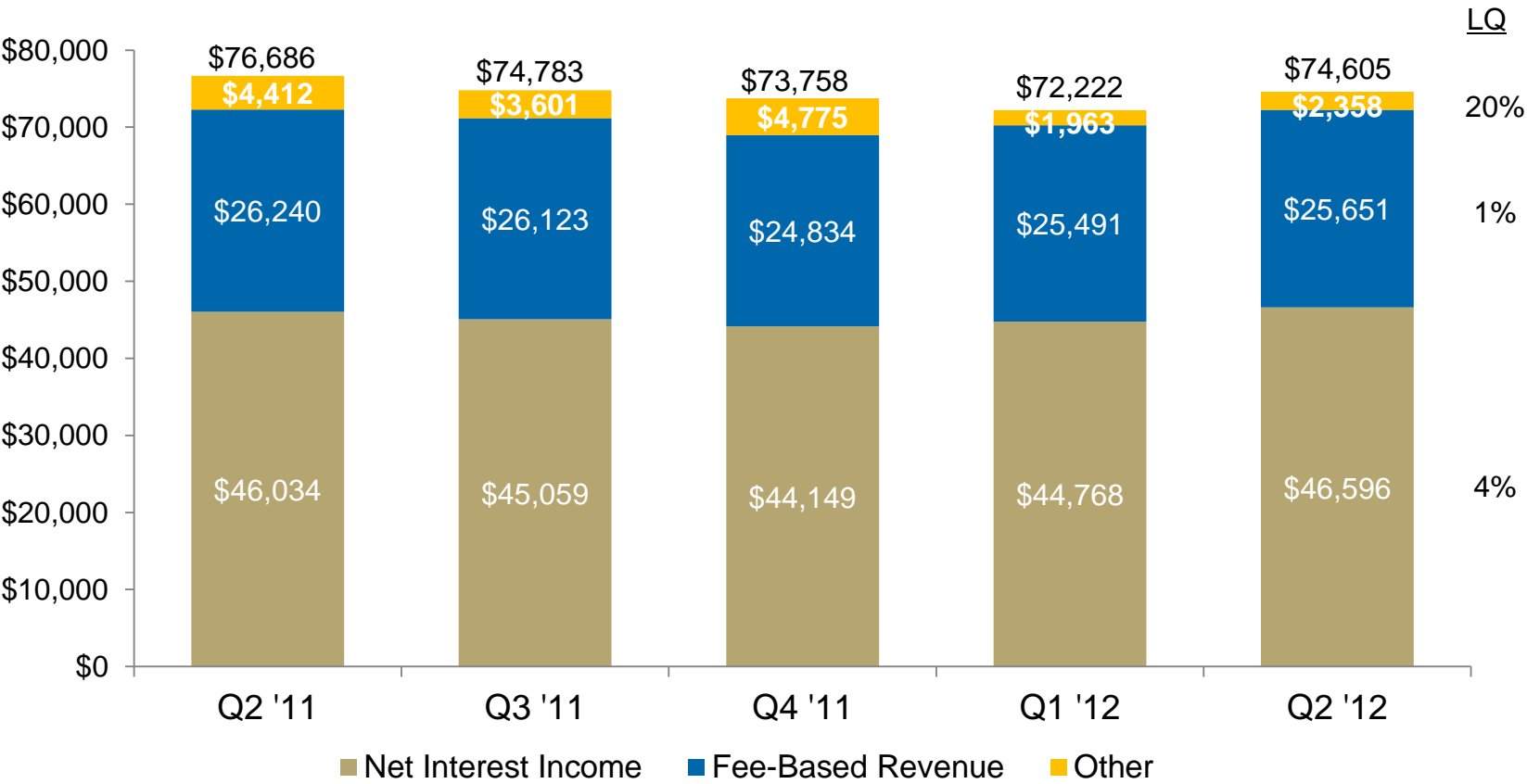
<i>(\$millions)</i>	Q1 2012	Q2 2012	% Change	Results Driven By:
NII	\$44.8	\$46.6	4%	NIM up 8 bps to 3.35%
Fees*	\$25.5	\$25.7	1%	
<u>Other Revenue**</u>	<u>\$2.0</u>	<u>\$2.4</u>	<u>20%</u>	Q2 2012 reflects gain on investments and gain on sale of OREO
<b>Total Revenue</b>	<b>\$72.2</b>	<b>\$74.6</b>	<b>3%</b>	
Operating Expenses	\$55.5	\$54.8	(1%)	7% decline in compensation partially offset by increase in restructuring costs
Restructuring	\$0.1	\$0.6	NM	
<b><u>Total Expenses</u></b>	<b><u>\$55.6</u></b>	<b><u>\$55.3</u></b>	<b><u>(1%)</u></b>	
<b>PTPP***</b>	<b>\$17.4</b>	<b>\$21.1</b>	<b>22%</b>	
<u>Provision/(Credit)</u>	<u>\$4.0</u>	<u>\$1.7</u>	<u>(58%)</u>	
<b>Pre-Tax Income from Continuing Operations</b>	<b>\$12.6</b>	<b>\$17.6</b>	<b>39%</b>	
Efficiency Ratio	75%	72%	(3 pts)	

\*Includes IM&T fees, wealth advisory fees and other private banking fees

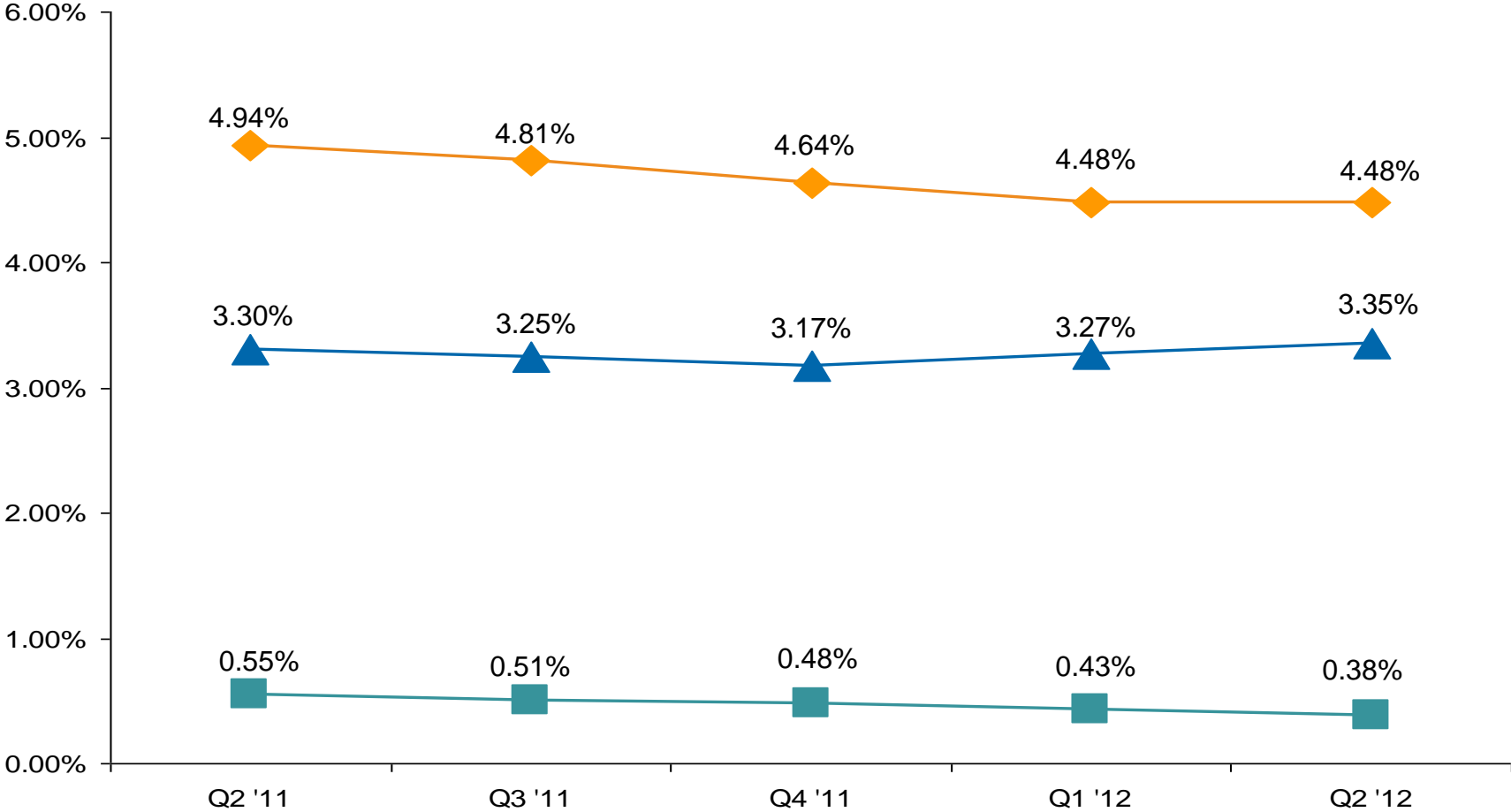
\*\*Includes gain on sale of investments, debt repurchase, loans, OREO and other

\*\*\*Pre-tax, pre-provision income

# Spread and Fee-Based Revenues



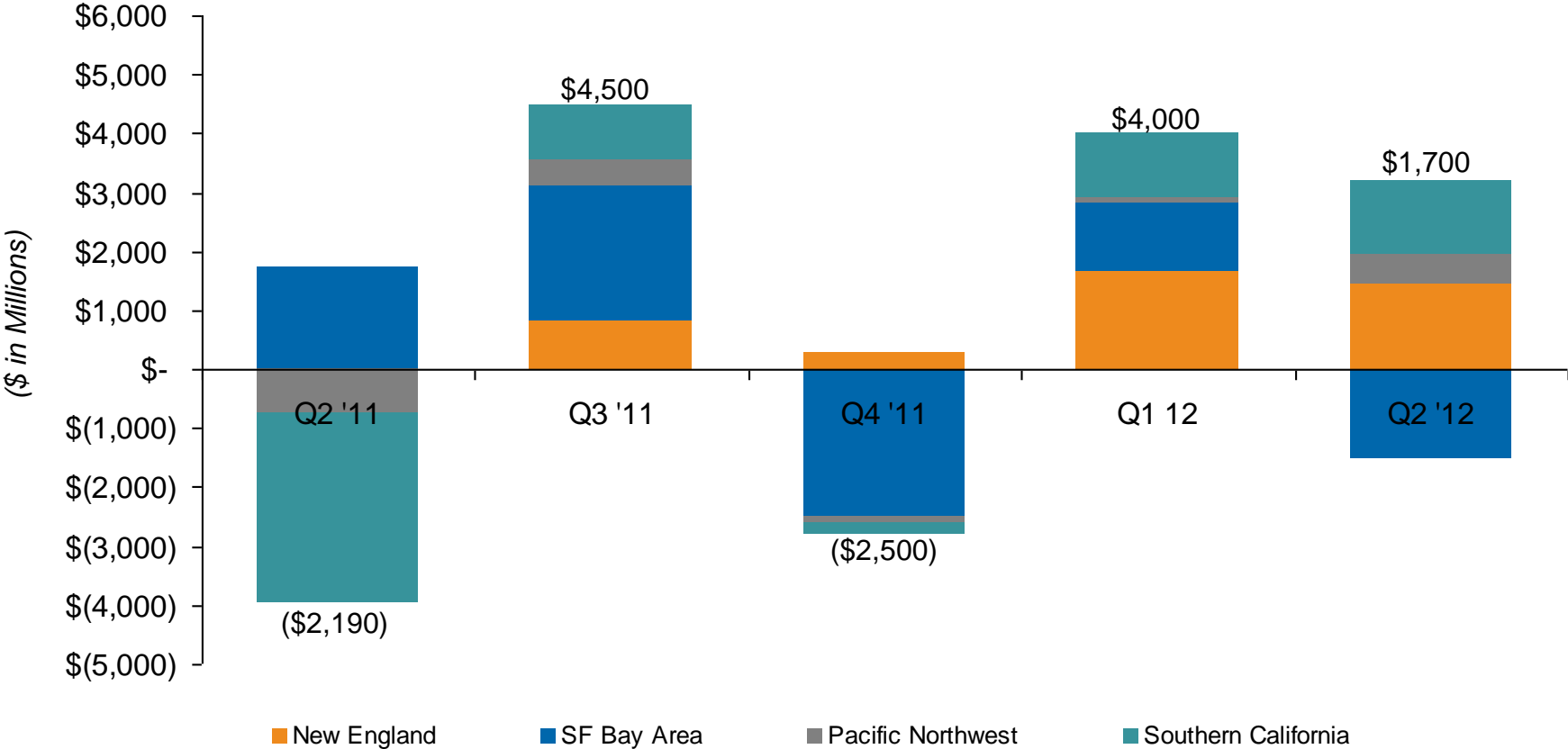
# Net Interest Margin



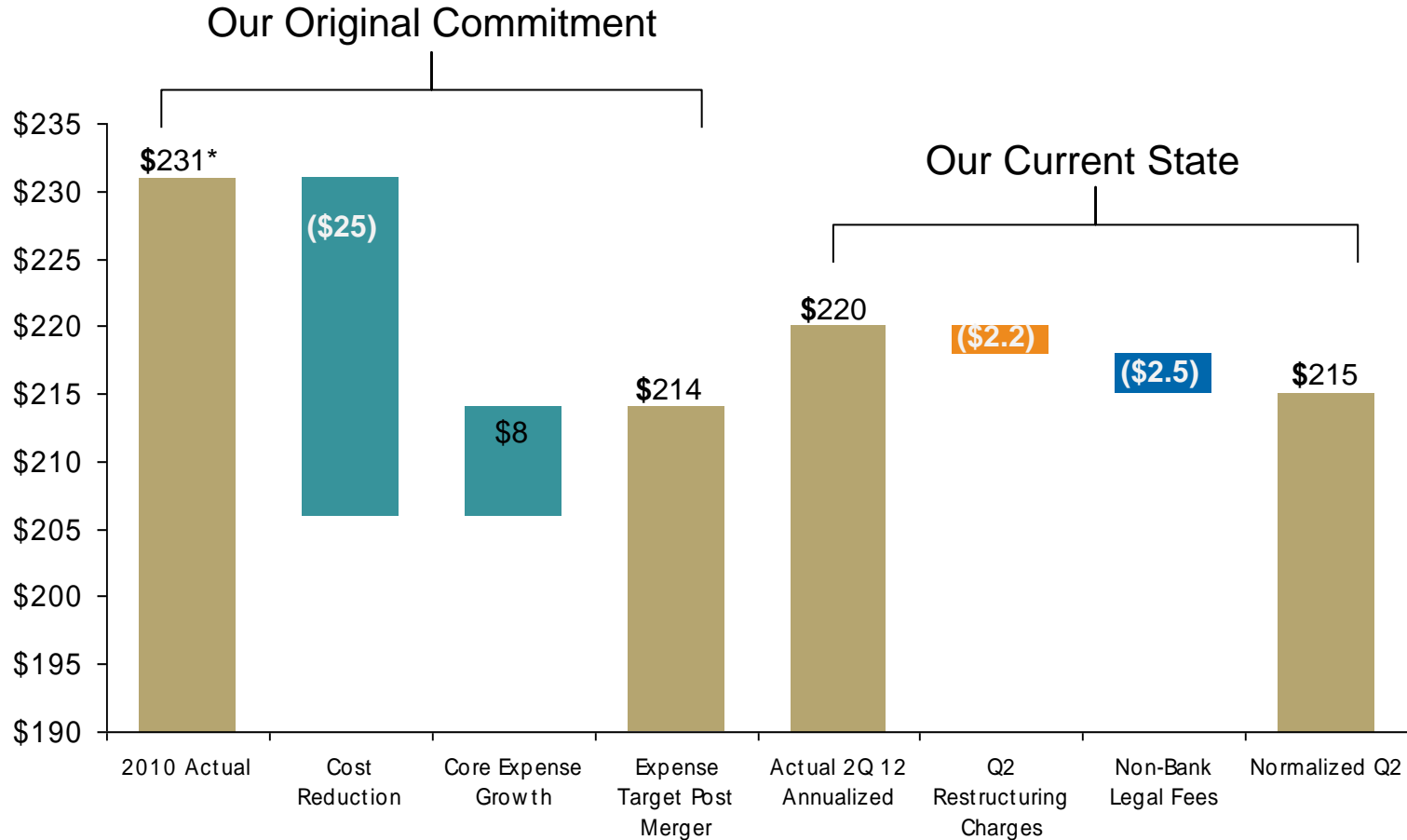
\*Including Demand Deposit Accounts

—◆— Loan Yield —■— Deposit Costs\* —▲— NIM

# Provision/(Credit) for Loan Losses

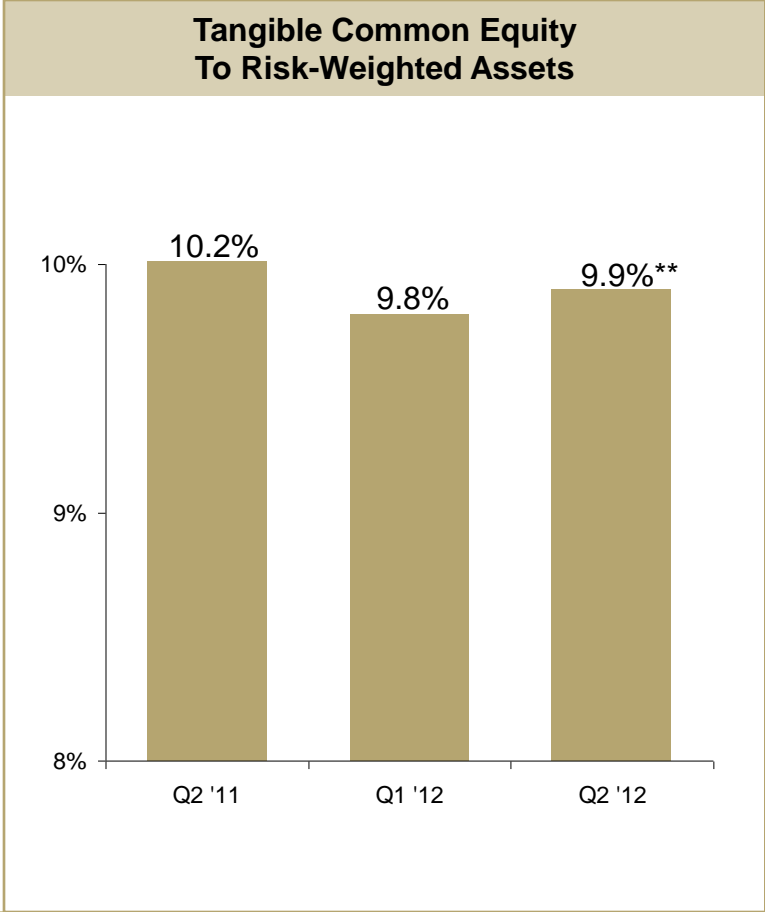
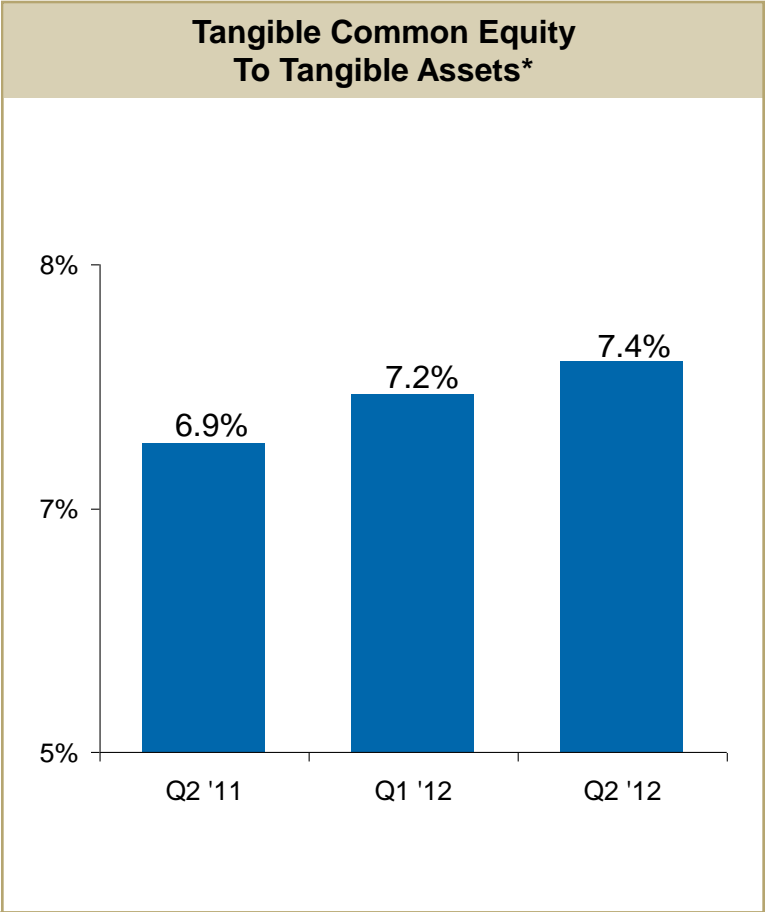


# \$25M Cost Reduction Target Complete



\*Excludes Davidson Trust Company

# Capital Position



\*Includes Carlyle Preferreds and the redeemable non-controlling interest

\*\*Based on estimated Risk Weighted Assets



# Private Bank Performance Highlights – Linked Quarter

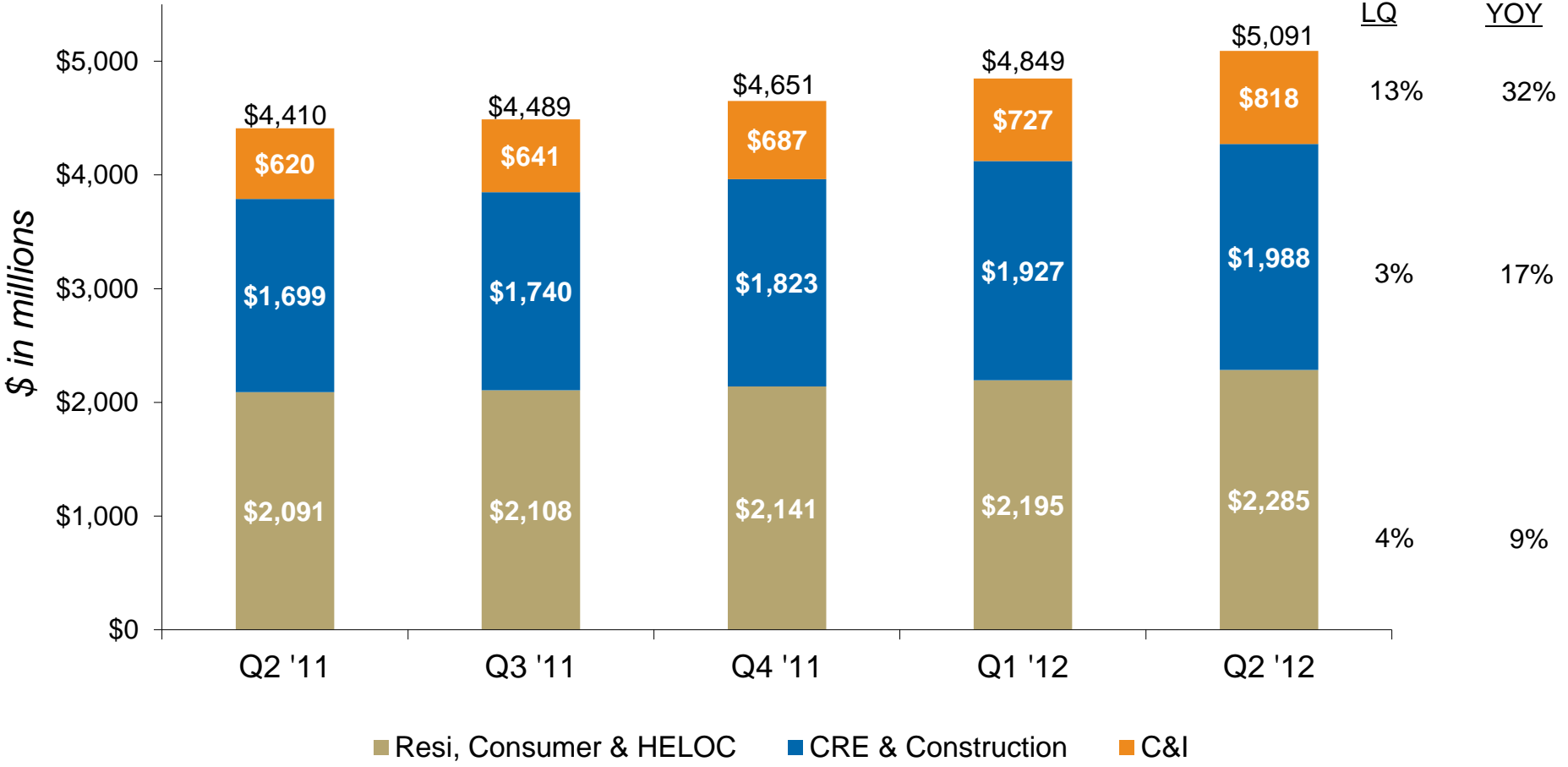
(\$millions)	Q1 2012	Q2 2012	% Change	Results Driven By:
NII	\$46.4	\$48.2	4%	Bank-only NIM of 3.47%, up 7 bps quarter-to-quarter due to pre-payment fees and interest on prior Non-Accrual loan
Fees*	\$6.8	\$6.9	2%	
<u>Other Revenue**</u>	<u>\$0.9</u>	<u>\$1.8</u>	<u>NM</u>	
<b>Total Revenue</b>	<b>\$54.1</b>	<b>\$56.9</b>	<b>5%</b>	
Operating Expenses	\$35.5	\$35.0	(1%)	Expenses related to marketing efforts
Restructuring	\$0.1	\$0.6	NM	
<b><u>Total Expenses</u></b>	<b><u>\$35.6</u></b>	<b><u>\$35.6</u></b>	<b>=</b>	
<b>PTPP***</b>	<b>\$18.5</b>	<b>\$21.2</b>	<b>15%</b>	
<u>Provision/(Credit)</u>	<u>\$4.0</u>	<u>\$1.7</u>	<u>(58%)</u>	Operating income increase due to spread-based revenues and fees, flat expenses, and improved provision
<b>Pre-Tax Income</b>	<b>\$14.5</b>	<b>\$19.5</b>	<b>35%</b>	
Efficiency Ratio	66%	63%	(3 pts)	

\*Includes IM&T fees and other private banking fees

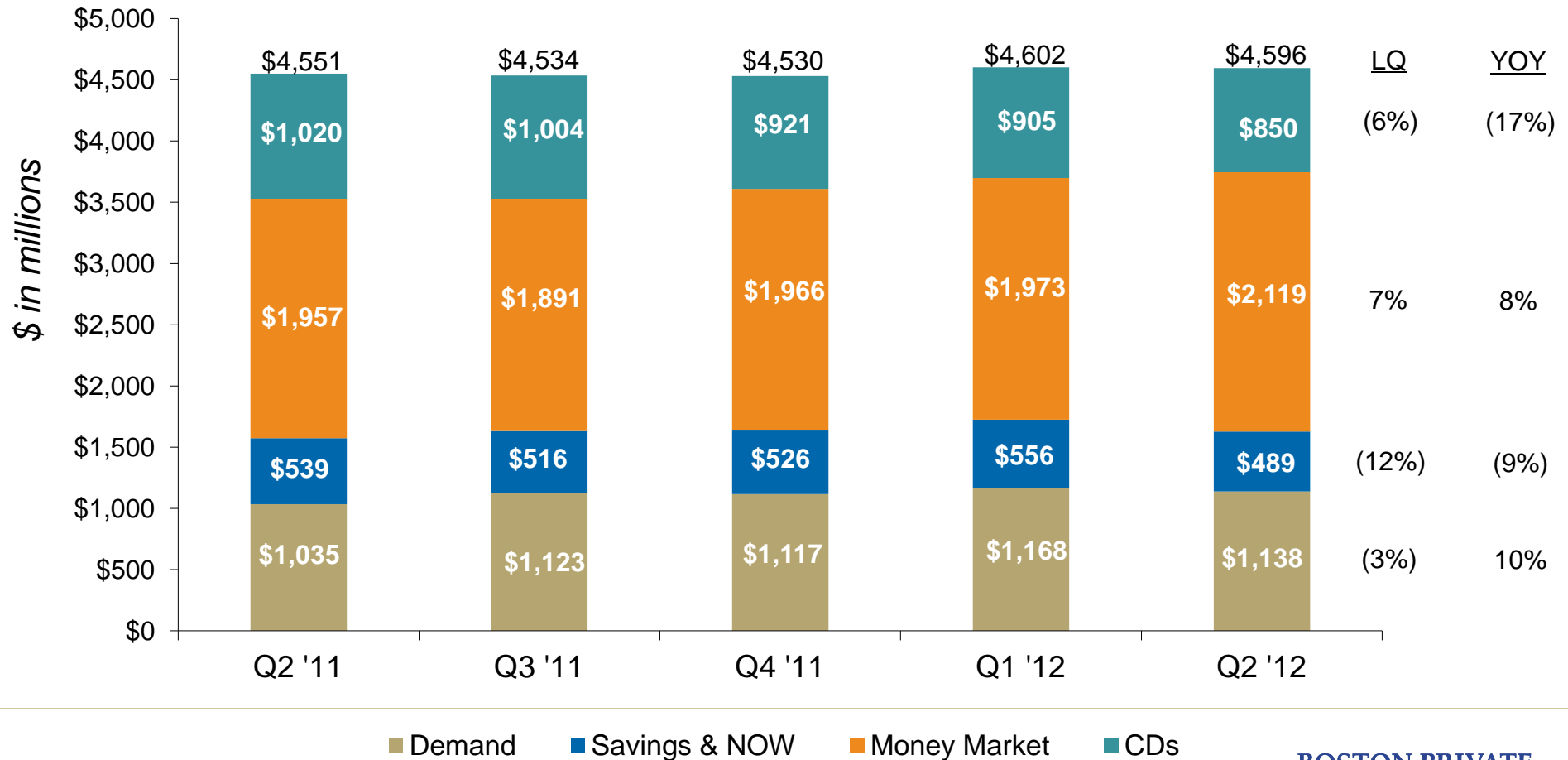
\*\*Includes gain on sale of investments, loans, OREO and other

\*\*\*Pre-tax, pre-provision income

# Loans By Type: Quarterly Trend



# Favorable Mix Of Deposits



■ Demand ■ Savings & NOW ■ Money Market ■ CDs

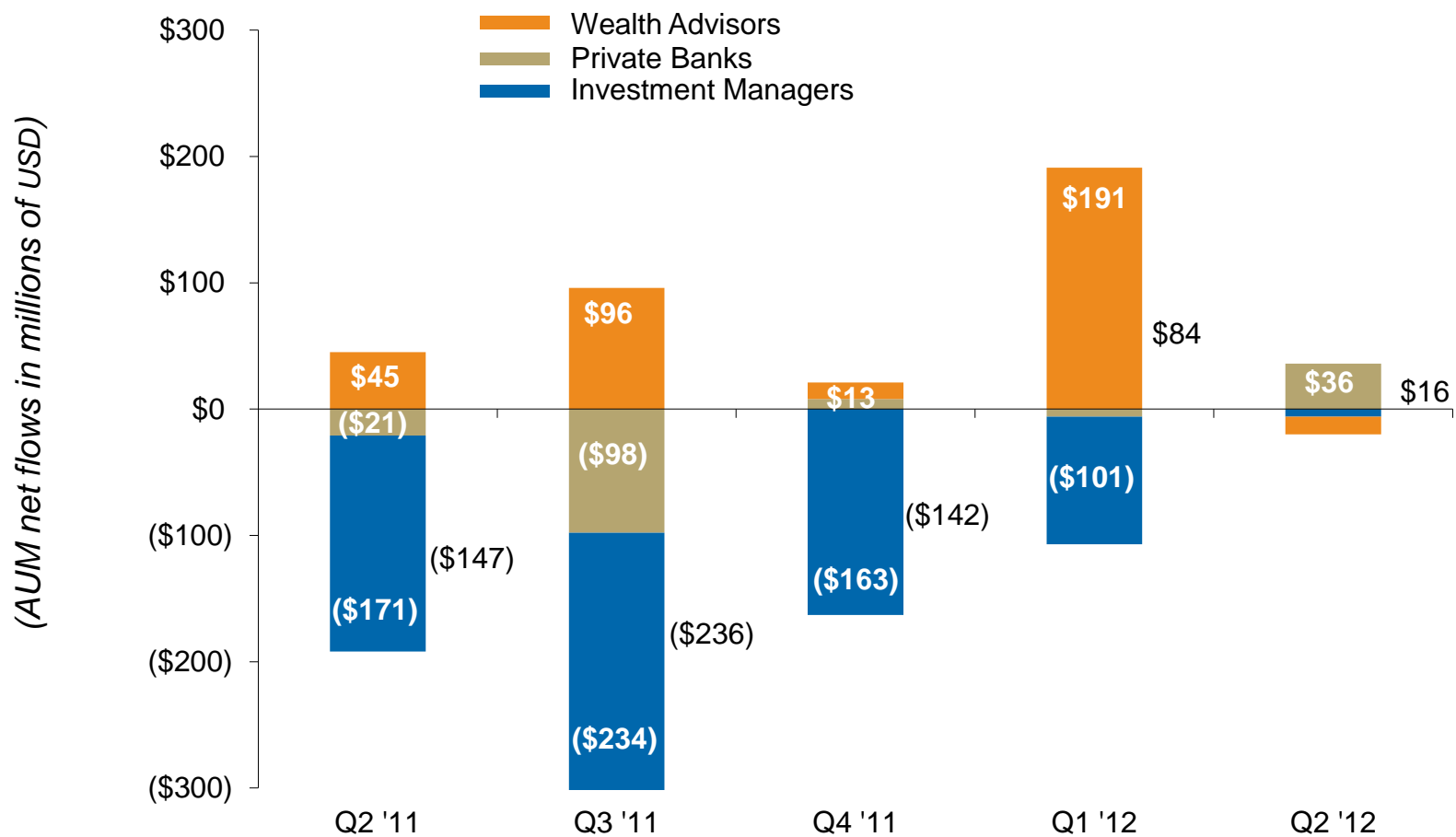
# Investment Management Performance Highlights – Linked Quarter

<i>(\$millions)</i>	Q1 2012	Q2 2012	% Change	Results Driven By:
Inv Mgt Fees	\$9.5	\$9.6	1%	Equity market correlated revenue on a one quarter lag
<b>Total Revenue</b>	<b>\$9.5</b>	<b>\$9.6</b>	<b>1%</b>	
<u>Operating Expenses</u>	<u>\$7.6</u>	<u>\$7.9</u>	<u>3%</u>	
<b>Pre-Tax Income from Continuing Operations</b>	<b>\$1.8</b>	<b>\$1.7</b>	<b>(7%)</b>	Margins still attractive despite negative operating leverage
EBITDA Margin	28%	26%	(2 pts)	
Pre-tax Margin	19%	18%	(1 pt)	
AUM (\$B)	\$8.0	\$8.0	(1%)	Flows improving
Net Flows (\$M)	(\$101)	(\$6)	NM	

# Wealth Advisory Performance Highlights – Linked Quarter

<i>(\$millions)</i>	Q1 2012	Q2 2012	% Change	Results Driven By:
Wealth Adv Fees	\$9.2	\$9.2	--	KLS and BOS provide revenue stability during down markets
<b>Total Revenue</b>	<b>\$9.2</b>	<b>\$9.2</b>	--	
<u>Operating Expenses</u>	<u>\$6.7</u>	<u>\$6.8</u>	<u>1%</u>	
<b>Pre-Tax Income from Continuing Operations</b>	<b>\$2.5</b>	<b>\$2.4</b>	<b>(6%)</b>	Close to our 30% target
EBITDA Margin	30%	29%	(1 pt)	
Pre-tax Margin	27%	26%	(1 pt)	
AUM (\$B)	\$7.6	\$7.5	(1%)	
Net Flows (\$M)	\$191	(\$14)	NM	

# AUM Net Flows



Excluding market changes

# Holding Company Costs – Linked Quarter

<i>(\$millions)</i>	Q1 2012	Q2 2012	% Change	Results Driven By:
NII	(\$1.7)	(\$1.6)	(3%)	Q1 12 elevated due to higher gain on repurchase of TRUPs
<u>Other Revenue</u>	<u>\$1.1</u>	<u>\$0.6</u>	(43%)	
<b>Total Revenue</b>	(\$0.6)	(\$1.0)	(67%)	
Operating Expenses	\$5.6	\$5.1	(10%)	28% decline in professional fees
Restructuring	--	--	--	
<b>Total Expenses</b>	\$5.6	\$5.1	(10%)	
<u>Discontinued Operations</u>	<u>\$1.5</u>	<u>\$2.6</u>	68%	Increase driven by close of sale of Davidson Trust Company in Q2 2012
<b>HoldCo Pre-Tax Loss</b>	(\$4.7)	(\$3.5)	26%	

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