

BOSTON PRIVATE
FINANCIAL HOLDINGS, INC.

Third Quarter 2012 Results

Clayton Deutsch
CEO & President

David Kaye
Chief Financial Officer

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October 18, 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 continued weakness 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; risks related to the identification and implementation of acquisitions; and 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

(\$millions)	Q2 2012	Q3 2012	% Change	Results Driven By:
NII	\$46.6	\$46.4	--	NIM compression offset by Fee growth
Fees*	\$25.7	\$26.7	4%	
<u>Other Revenue**</u>	<u>\$2.4</u>	<u>\$1.9</u>	<u>(17%)</u>	
Total Revenue	\$74.6	\$75.0	--	Tight management of Operating Expenses post-merger
Operating Expenses	\$54.8	\$54.6	--	
Restructuring	\$0.6	\$3.6	NM	\$3.6M in HoldCo and Private Bank leadership restructuring charges
<u>Total Expenses</u>	<u>\$55.3</u>	<u>\$58.2</u>	<u>5%</u>	
PTPP***	\$19.3	\$16.8	(13%)	
<u>Provision/(Credit)</u>	<u>\$1.7</u>	<u>(\$4.0)</u>	<u>NM</u>	Benefit of continued improvement in credit quality with strong reserves relative to actual charge-offs
Pre-Tax Income from Continuing Operations	\$17.6	\$20.8	19%	
Efficiency Ratio****	72%	71%	(1 pt)	

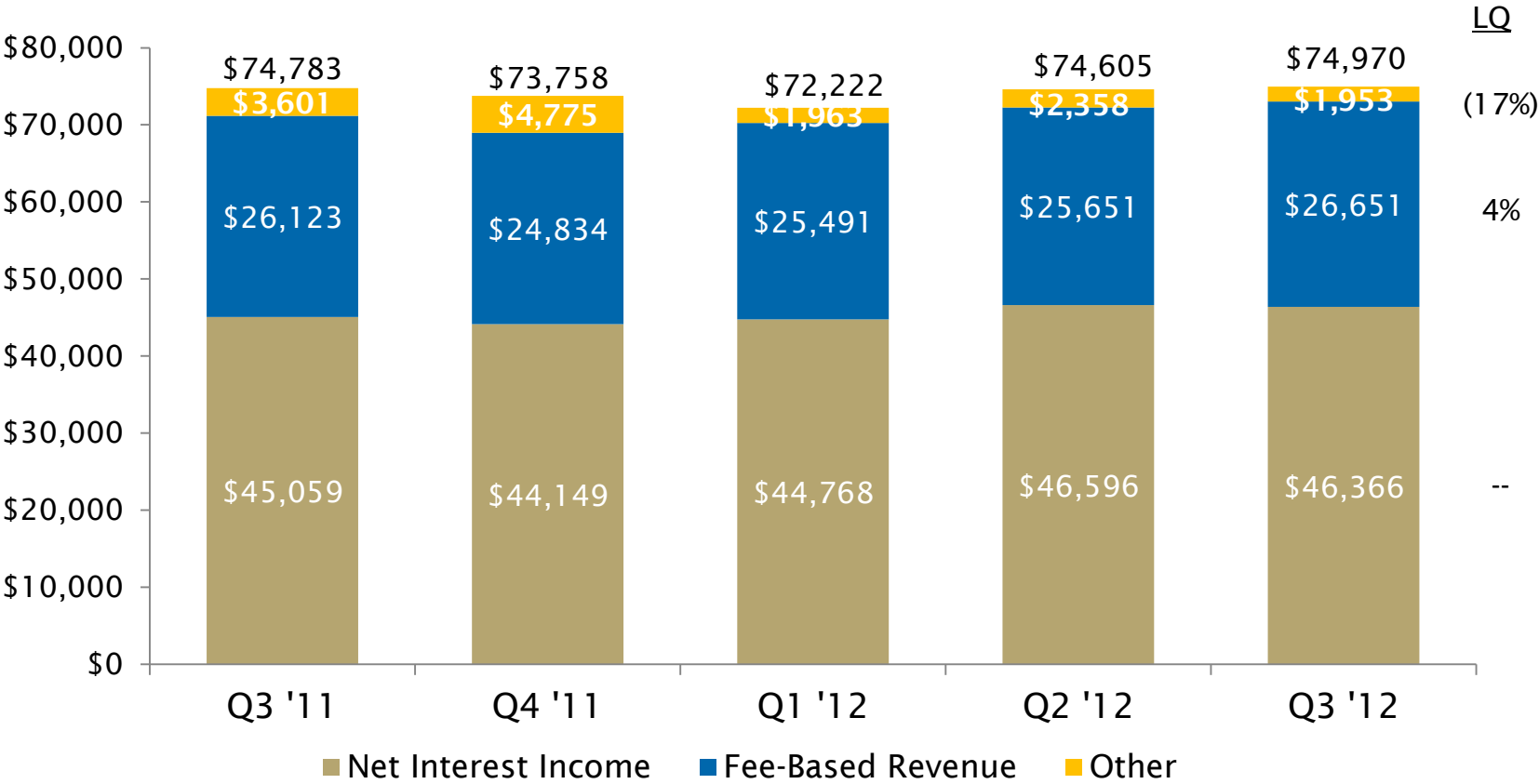
*Includes IM&T fees, wealth advisory fees and other private banking fees

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

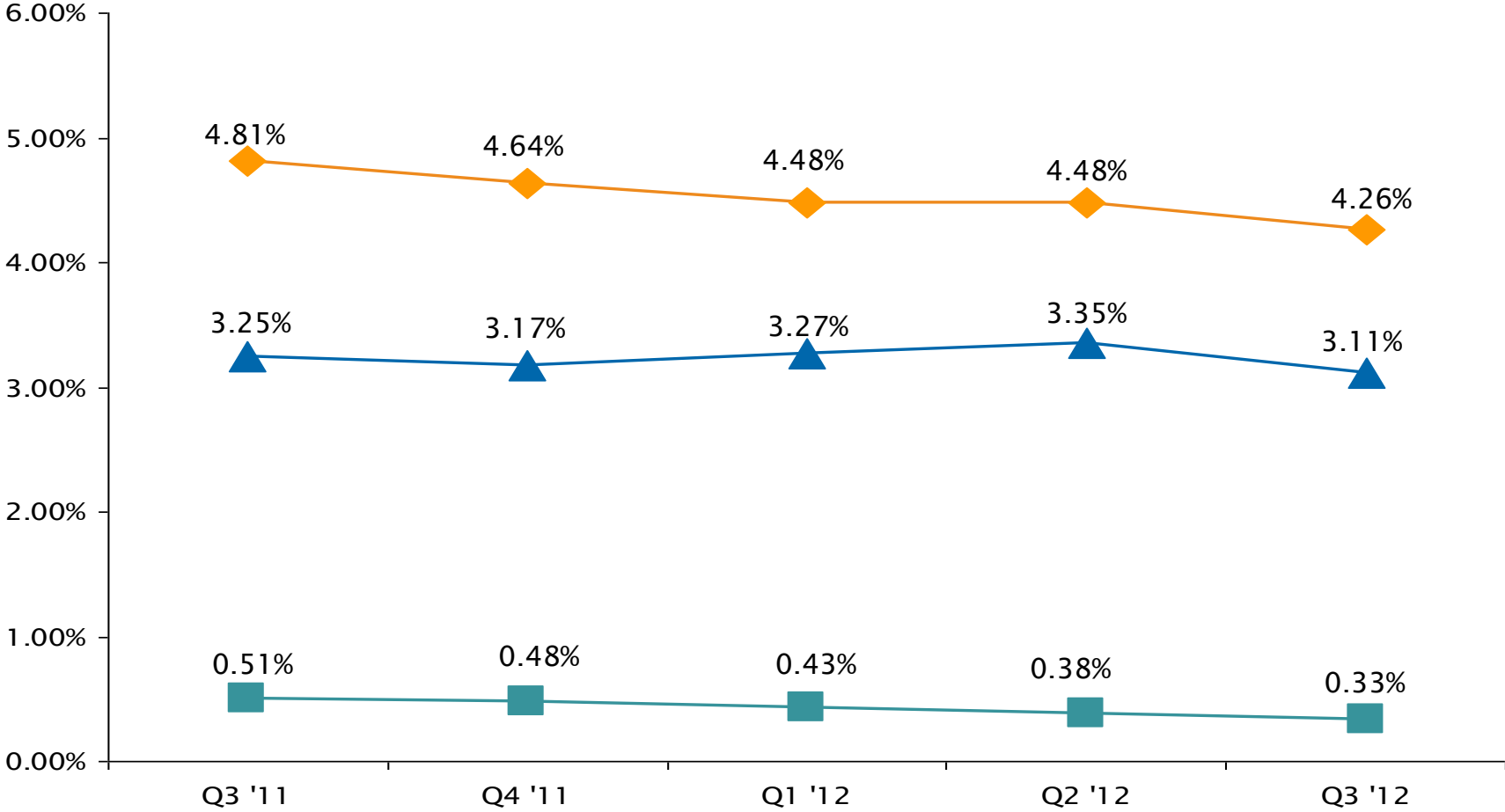
***Pre-tax, pre-provision income from Continuing Operations

****Excludes restructuring

Spread and Fee-Based Revenues



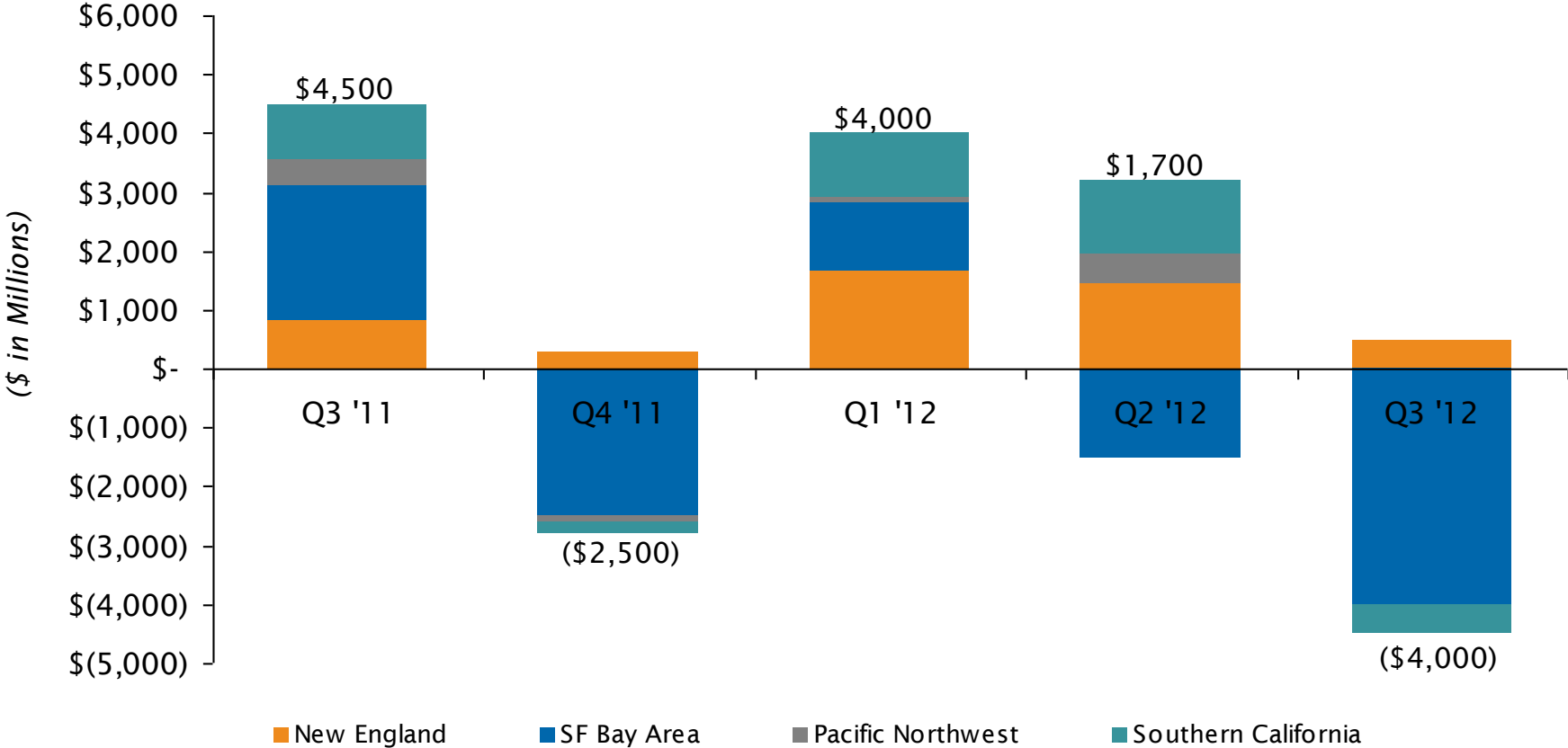
Net Interest Margin



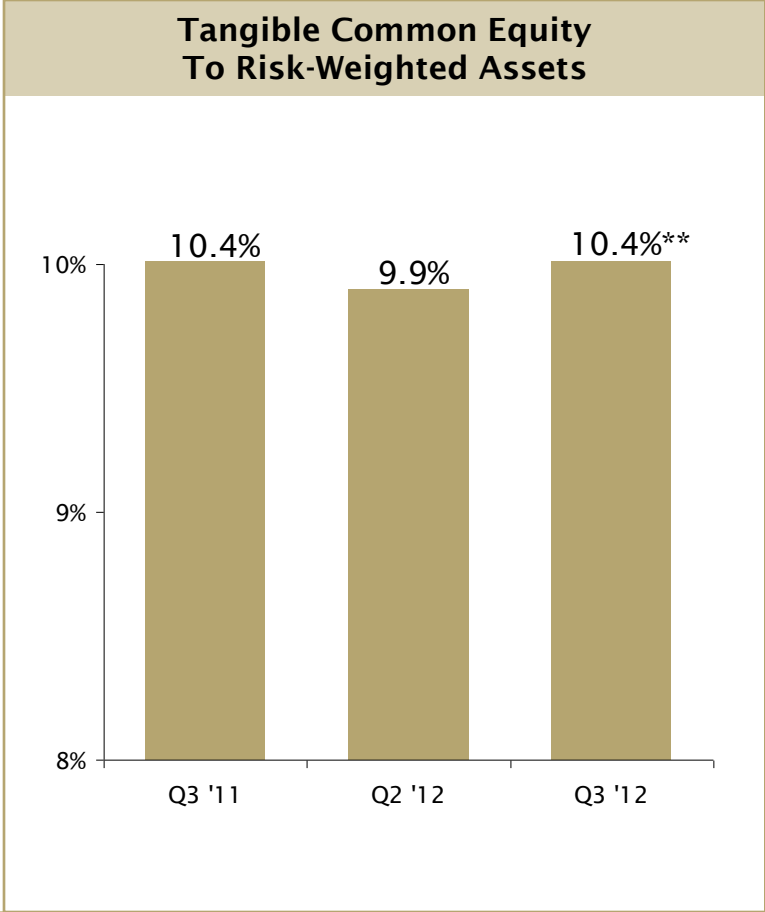
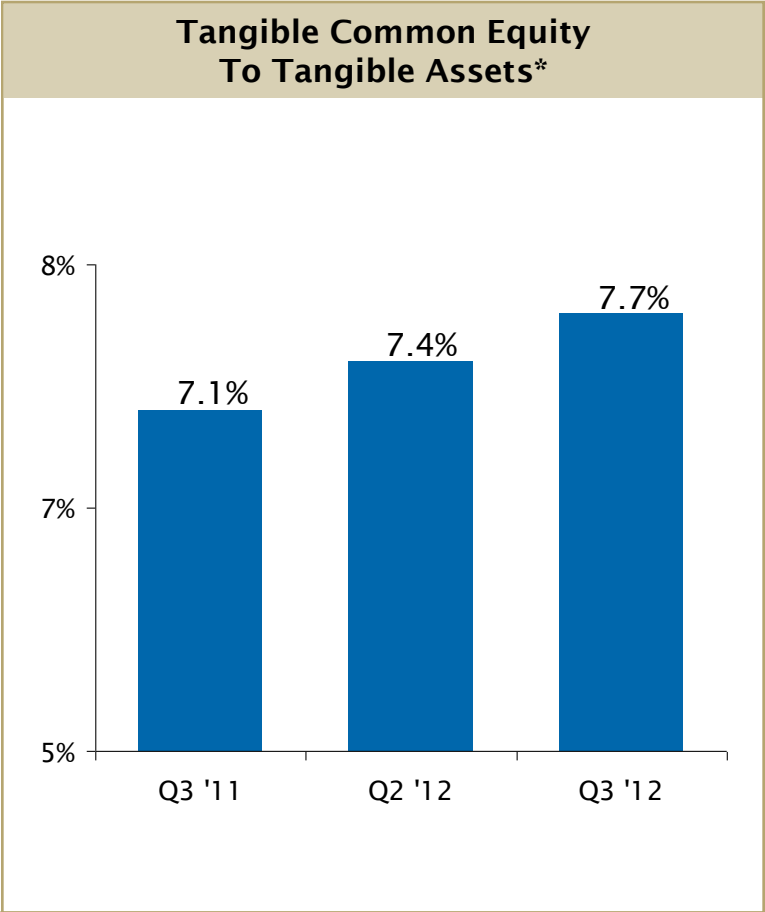
*Including Demand Deposit Accounts

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

Provision/(Credit) for Loan Losses



Capital Position



*Includes Carlyle Preferreds and the redeemable non-controlling interest

**Based on estimated Risk Weighted Assets

Private Bank Performance Highlights – Linked Quarter

<i>(\$millions)</i>	Q2 2012	Q3 2012	% Change	Results Driven By:
NII	\$48.2	\$47.8	(1%)	Conclusion of deposit fee waiver period in San Francisco Bay
Fees*	\$6.9	\$7.1	4%	
<u>Other Revenue**</u>	<u>\$1.8</u>	<u>\$0.8</u>	<u>(55%)</u>	
Total Revenue	\$56.9	\$55.7	(2%)	
Operating Expenses	\$35.0	\$35.0	--	Restructuring of Private Bank leadership
Restructuring	\$0.6	\$1.8	NM	
<u>Total Expenses</u>	<u>\$35.6</u>	<u>\$36.8</u>	<u>3%</u>	
PTPP***	\$21.2	\$18.9	(11%)	
<u>Provision/(Credit)</u>	<u>\$1.7</u>	<u>(\$4.0)</u>	<u>NM</u>	Improvement in Criticized Loans and continued low-levels of NCOs
Pre-Tax Income	\$19.5	\$22.9	17%	
Efficiency Ratio****	60%	60%	--	

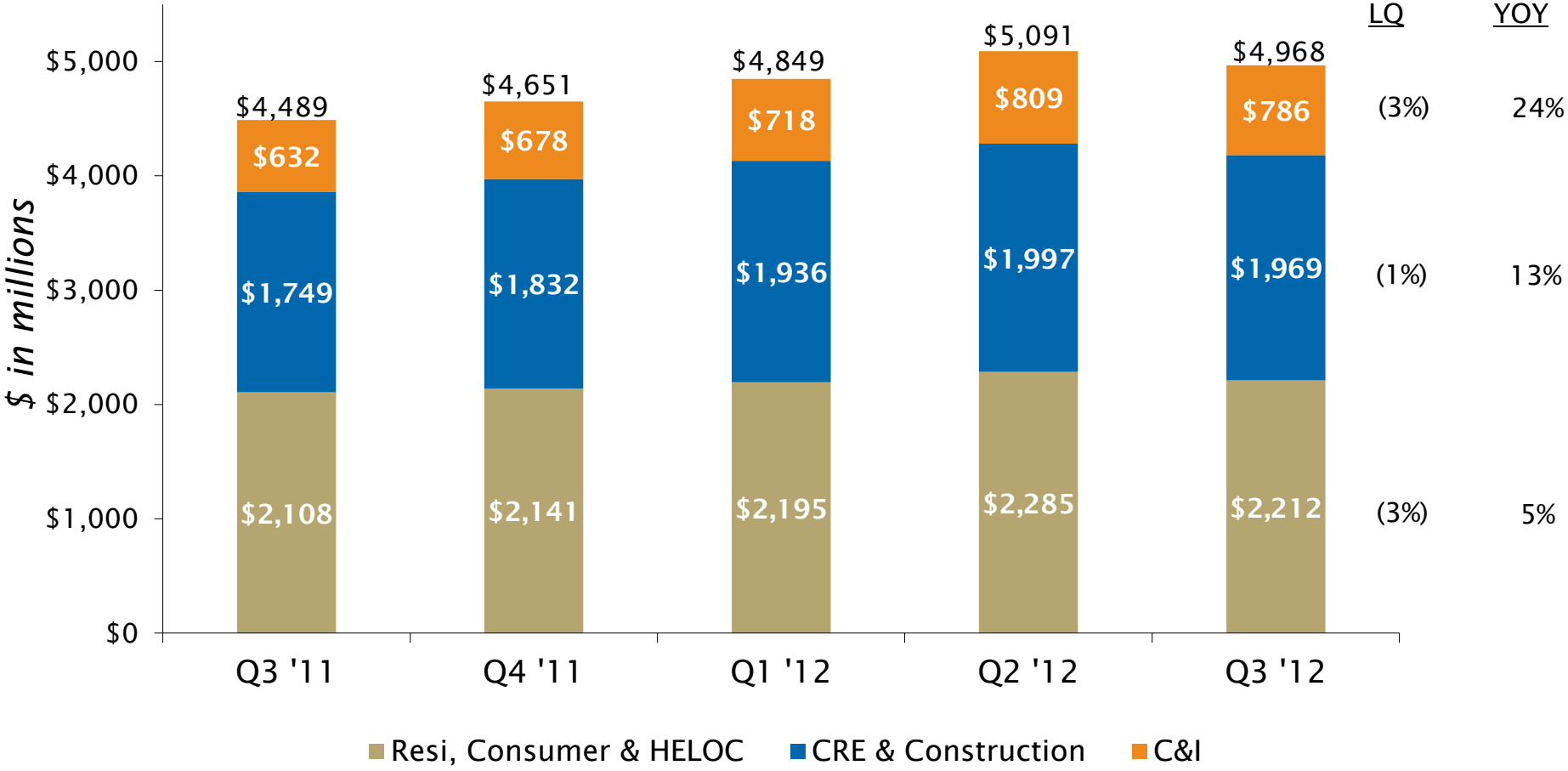
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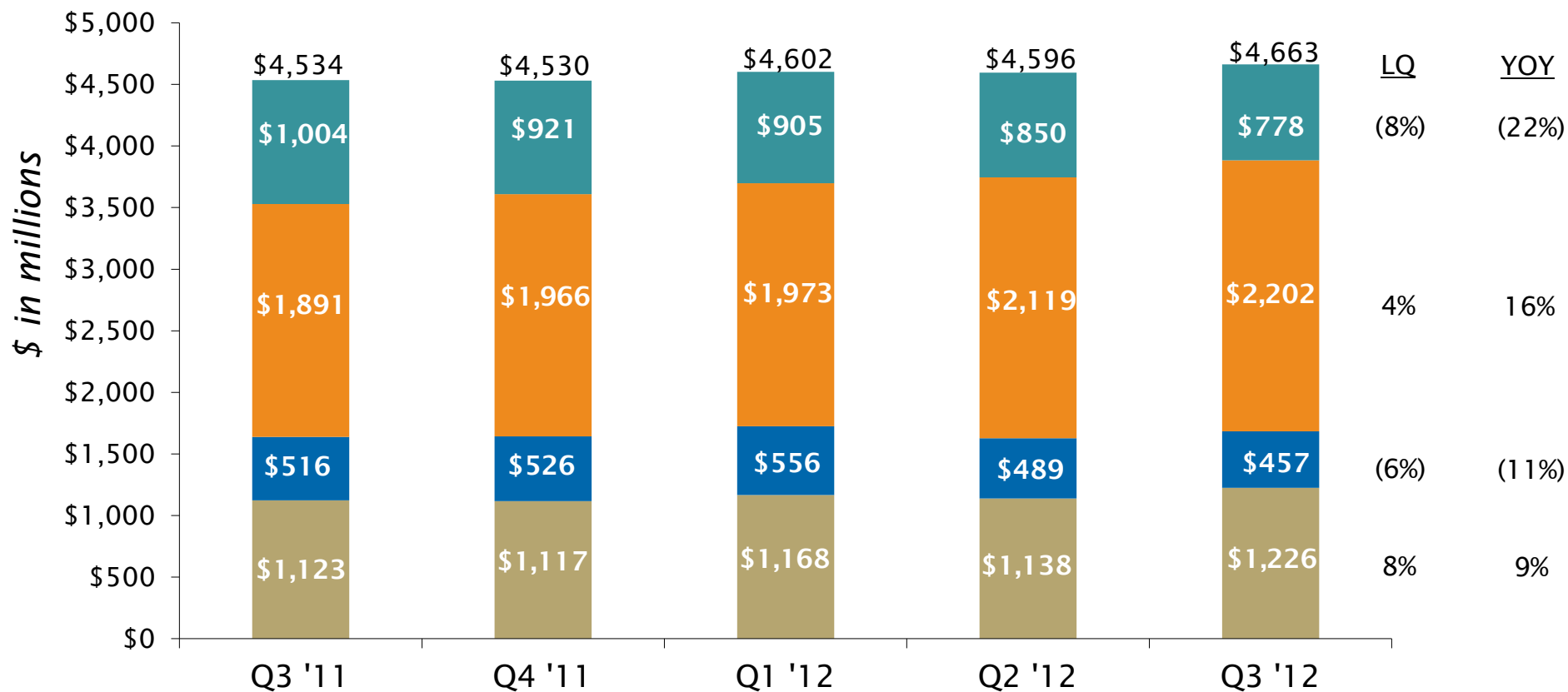
***Pre-tax, pre-provision income

****Excludes restructuring

Loans By Type: Quarterly Trend



Favorable Mix Of Deposits



■ Demand ■ Savings & NOW ■ Money Market ■ CDs

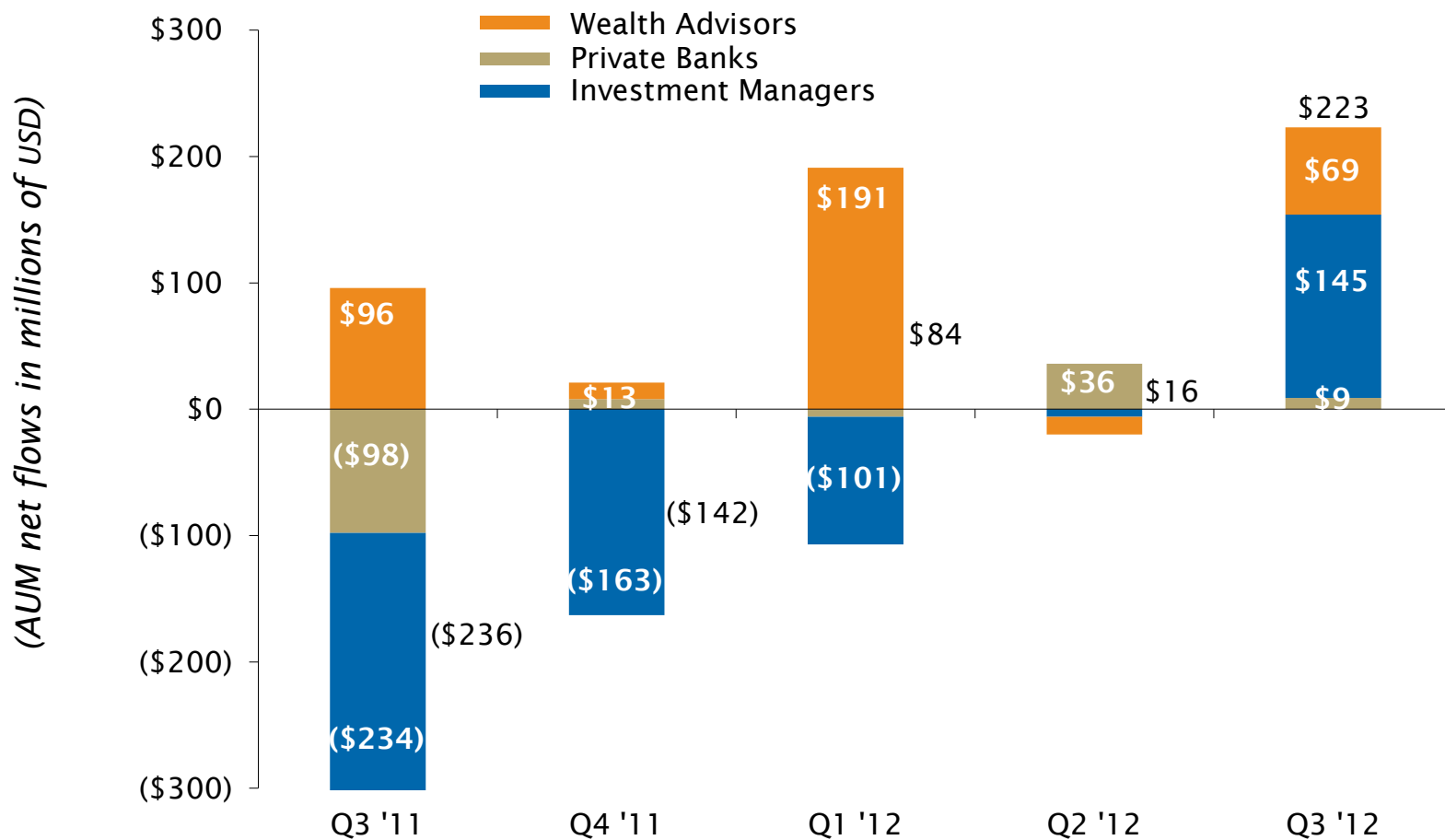
Investment Management Performance Highlights – Linked Quarter

<i>(\$millions)</i>	Q2 2012	Q3 2012	% Change	Results Driven By:
Inv Mgt Fees	\$9.6	\$10.0	5%	Positive market action with positive flows
Total Revenue	\$9.6	\$10.0	5%	
<u>Operating Expenses</u>	<u>\$7.9</u>	<u>\$7.8</u>	=	Positive operating leverage
Pre-Tax Income from Continuing Operations	\$1.7	\$2.2	27%	
EBITDA Margin	26%	30%	4 pts	Achieving target EBITDA margin
Pre-tax Margin	18%	22%	4 pts	
AUM (\$B)	\$8.0	\$8.6	7%	Large sub-advisory mandate at Anchor Capital
Net Flows (\$M)	(\$6)	\$145	NM	

Wealth Advisory Performance Highlights – Linked Quarter

<i>(\$millions)</i>	Q2 2012	Q3 2012	% Change	Results Driven By:
Wealth Adv Fees	\$9.2	\$9.5	3%	AUM build and stable revenue in our Wealth Advisory businesses
Total Revenue	\$9.2	\$9.5	3%	
<u>Operating Expenses</u>	<u>\$6.8</u>	<u>\$6.8</u>	==	
Pre-Tax Income from Continuing Operations	\$2.4	\$2.7	13%	Positive operating leverage
EBITDA Margin	29%	31%	2 pts	Above our target level of 30%
Pre-tax Margin	26%	28%	2 pts	
AUM (\$B)	\$7.5	\$7.8	4%	
Net Flows (\$M)	(\$14)	\$69	NM	

AUM Net Flows



Excluding market changes

Holding Company Costs – Linked Quarter

<i>(\$millions)</i>	Q2 2012	Q3 2012	% Change	Results Driven By:
NII	(\$1.6)	(\$1.5)	11%	Continued repurchase of TRUPs
<u>Other Revenue</u>	<u>\$0.6</u>	<u>\$1.1</u>	84%	
Total Revenue	(\$1.0)	(\$0.3)	68%	\$1.7M charge related to management restructuring
Operating Expenses	\$5.1	\$5.0	(2%)	
Restructuring	--	\$1.7	NM	
Total Expenses	\$5.1	\$6.7	33%	Q2 12 reflects gain on sale of Davidson Trust Company
<u>Discontinued Operations</u>	<u>\$2.6</u>	<u>\$1.7</u>	(35%)	
HoldCo Pre-Tax Loss	(\$3.5)	(\$5.4)	(55%)	

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