

BOSTON PRIVATE
FINANCIAL HOLDINGS, INC.

Investor Presentation

Clayton G. Deutsch, CEO and President

David J. Kaye, CFO

Q3 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 the effects of charges and expenses related to the consummation of mergers and acquisitions, as well as, excluding other 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.

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Agenda

1. Boston Private: A unique business and economic model
2. Our return targets
3. Steps to improve returns
4. Appendix

1. BPFH: A Premier Wealth Management And Private Banking Company

WEALTH MANAGEMENT

Fee-Based Wealth Advisory

KLS: New York, Los Angeles

BOS: San Francisco, Palo Alto

- Boutique-based comprehensive financial planning, portfolio construction and asset allocation
- Nationwide reach, referral-driven, growing clientele

Proprietary Investment Management

Anchor Capital: Boston

DGHM: New York

- Proprietary, active asset management
- Value-driven investors
- Individual and institutional clientele

Private Clients Wealth Advisory, Investment Management and Trust

Boston Private Bank IM&T: All Bank markets

- Proprietary fixed income and equities, plus Global Diversified Portfolio
- Individual and institutional clientele; Bank-driven referrals

PRIVATE BANKING

Residential Mortgage

Boston Private Residential Mortgage: All Bank markets

- High service jumbo mortgage
- Superior economics

Commercial Lending

Boston Private Commercial Banking: All Bank markets

- Commercial lending and related services for private companies, partnerships and non-profit institutions
- Strong cross-sell to Deposit Services, IM&T

Deposit Services

Boston Private Deposit Services and Cash

Management: All Bank markets

- Highly client-centered cash and liquidity management
- Strong referral links all Boston Private business lines; deep client loyalty

Wealth Management

- Steady fee-based revenue stream
 - Wealth management fees* account for 34% of revenue
- \$20.1B in AUM, \$223M in net AUM inflows in Q3 12
- Q3 12 EBITDA margin of 31%**
- Positive operating leverage
- Wealth Management encompasses:

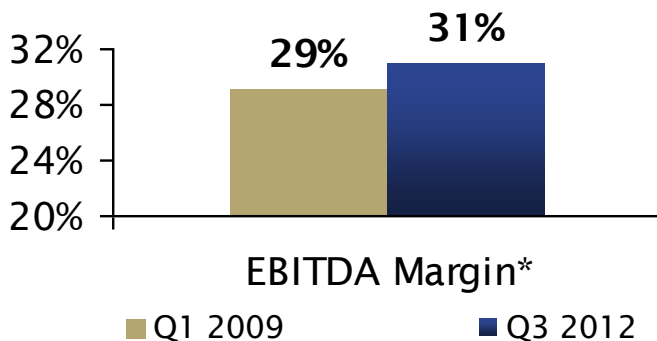
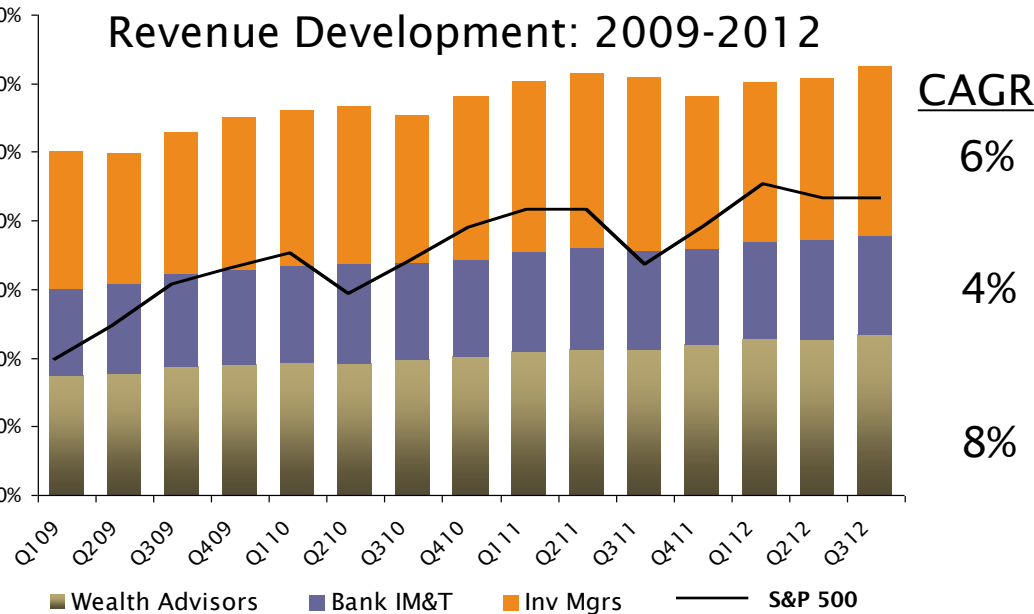
Wealth Advisory	Investment Managers	Bank IM&T
KLS Professional Advisors Bingham, Osborn & Scarborough	Anchor Capital Dalton, Greiner, Hartman & Maher	Boston Private Wealth Advisory, Investment Management & Trust

**Includes investment management fees, bank investment management & trust fees and wealth advisory fees*

***Wealth Advisors and Investment Managers only*

Attractiveness of Fee-Based Revenue Stream

Revenue Development: 2009-2012



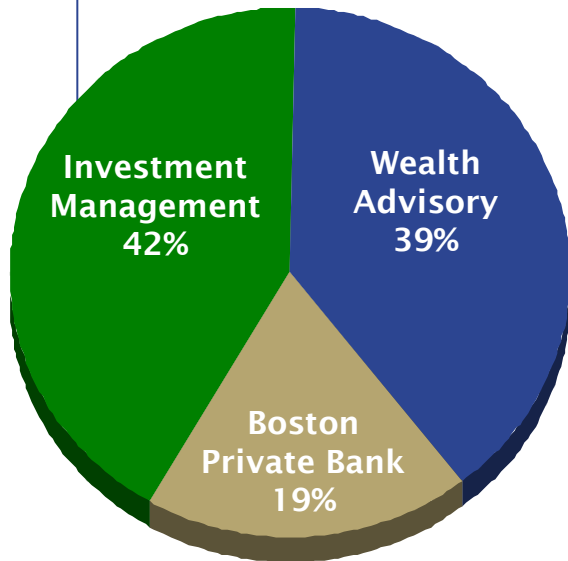
- Capital-light businesses
 - No additional capital needed for growth
 - Stable, significant stream of unrestricted cash flow
- Stable source of revenue
 - Diversifies NII exposure
 - Less volatile than overall equity market
- Strong profit margins
 - Expand well in growth cycle
 - Demonstrated operating leverage/margin expansion

*Wealth Advisors and Investment Managers only

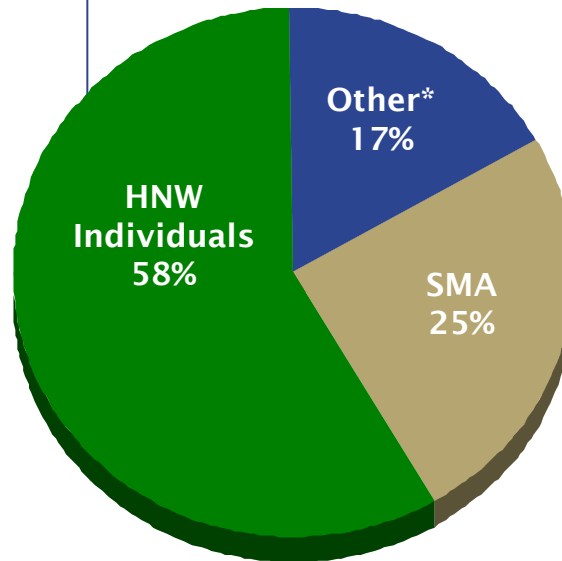
Our Wealth Management Group Platform: A Diverse Portfolio

\$20.1 Billion of AUM

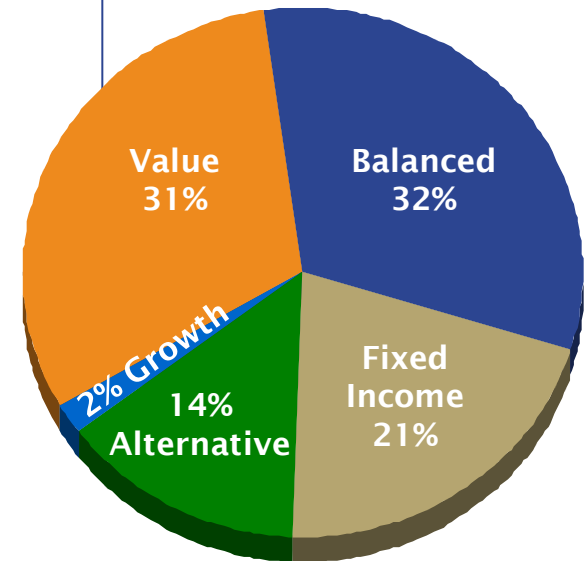
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By Client Type



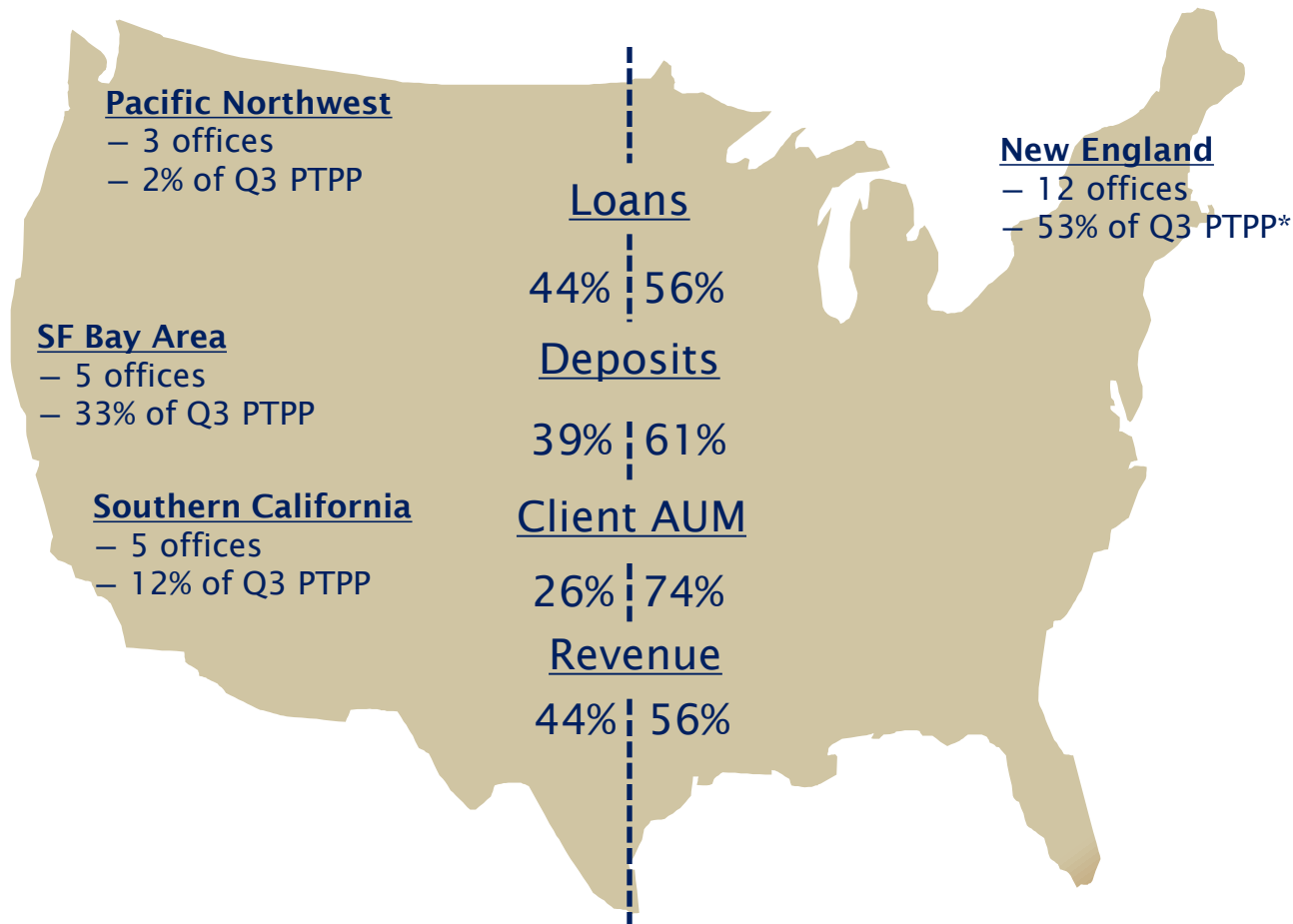
By Asset Class



*Corporate, ERISA, Foundations/Endowments, Public, Sub-Advisory

Private Banking

Boston Private Bank: Fully integrated and branded as of September 2012



- Now branded **Boston Private** in all markets
- All Boston Private business lines staffed and building clients in all markets
- Intend to open 3 new offices ... current commitments include San Jose, Pasadena and San Francisco expansion
- New Boston Private Investment Management platform (GDP) in roll-out with strong client receptivity

*Q3 2012 pre-tax, pre-provision income excluding restructuring charges

Private Banking

- Represents 66%* of Company revenue
- \$6.1B private banking balance sheet
- \$4.9B in loans; \$4.7B in deposits
- Attractive risk profile with:
 - Steady and steep reduction in problem assets
 - High level of reserves and extremely low charge-offs relative to industry and peer group
- Capital build:
 - Bank-only TCE/TA of 8.7%, Tier 1 risk-based ratio of 11.6%
- Reported NIM of 3.11%, core NIM of 3.18%
- Low loan loss provision reflecting disciplined growth with continued de-risking
- Tight management of expense profile
 - Expenses targeted to decline in 1H 2013 due to additional cost reduction program

**Excludes bank IM&T fees*

Boston Private Bank Target Client Segments

High Net Worth Individuals

- Entrepreneurs
- Executives
- Family Wealth
- Baby Boomers/Retirees

Privately Held Businesses

- C&I (preferred industries)
- Professional Service Firms

Private Partnerships

- Venture Capital
- Hedge Funds
- Private Equity
- Real Estate Inv/Dev

Non-Profits

- Educational
- Foundations/Endowments
- Health & Human Services

\$3 - \$50 million of financial assets

- “Sweet spot” is \$3 - \$30 million
- Selection factors favor us

Appeal of targeted segments includes:

- Stable growth
- Historically 1.5x – 3x GDP
 - Lower risk
- Better loan loss rates, capital-light advisory activities
 - Superior profitability
- Relationship size and longevity, pricing flexibility

Basis of differentiation:

- Distinctive client service
- Private Banker stability; relationship management focus
 - Superb execution
- Delivery of cross-enterprise client development expertise

New Brand Story Reflects Our Unique Positioning

DEPOSIT & CASH MANAGEMENT • RESIDENTIAL MORTGAGE
INVESTMENT MANAGEMENT & TRUST • COMMERCIAL BANKING

BEING A PRIVATE BANKING CLIENT ISN'T WHAT IT USED TO BE.

Every day, Boston Private Bank works with all kinds of people who are innovating, building and contributing wherever they are in their careers and their lives. Business owners. Entrepreneurs. Nonprofit organizations. Couples buying a second home. Families planning a sound financial future. People like you.

If you want the individual attention and expertise your complex financial needs deserve, this is your time, this is your private bank.

Please visit us at BostonPrivateBank.com.

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Compelling brand strength

- #2 in luxury brand status strength, 2012
- Especially strong with clients under age 55, net worth > \$10 million
- Associated with “superior quality”

New multi-market campaign (2H 2012) to build brand awareness and expand the prospect base

Branding effort directly connected with web-site redesign and CRM initiatives

DEPOSIT & CASH MANAGEMENT • RESIDENTIAL MORTGAGE
INVESTMENT MANAGEMENT & TRUST • COMMERCIAL BANKING

THIS IS YOUR TIME. THIS IS YOUR PRIVATE BANK.

Being a private banking client isn't what it used to be. Today, people in every walk of life have complex financial needs that deserve the individual attention and expertise Boston Private Bank is known for. They're people who are innovating, building, and contributing wherever they are in their careers and their lives.

If you're a business owner, entrepreneur, nonprofit organization, or a family concerned about a sound investment strategy, maybe it's your time to start a relationship with Boston Private Bank. Please visit us at BostonPrivateBank.com.

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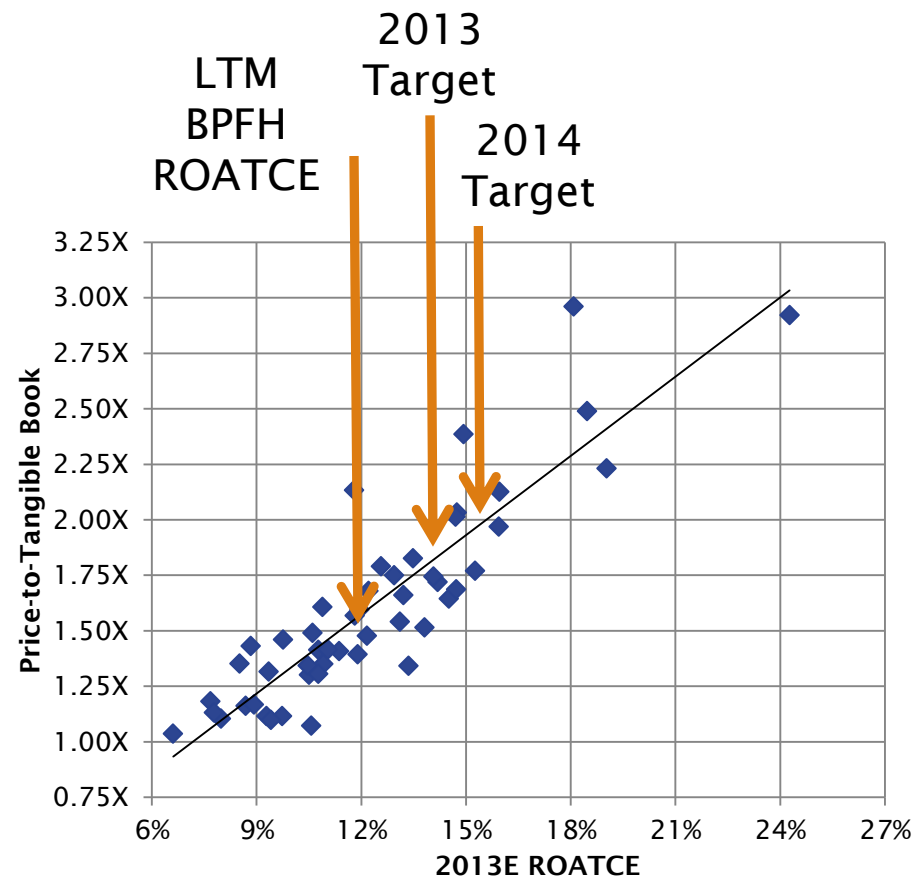
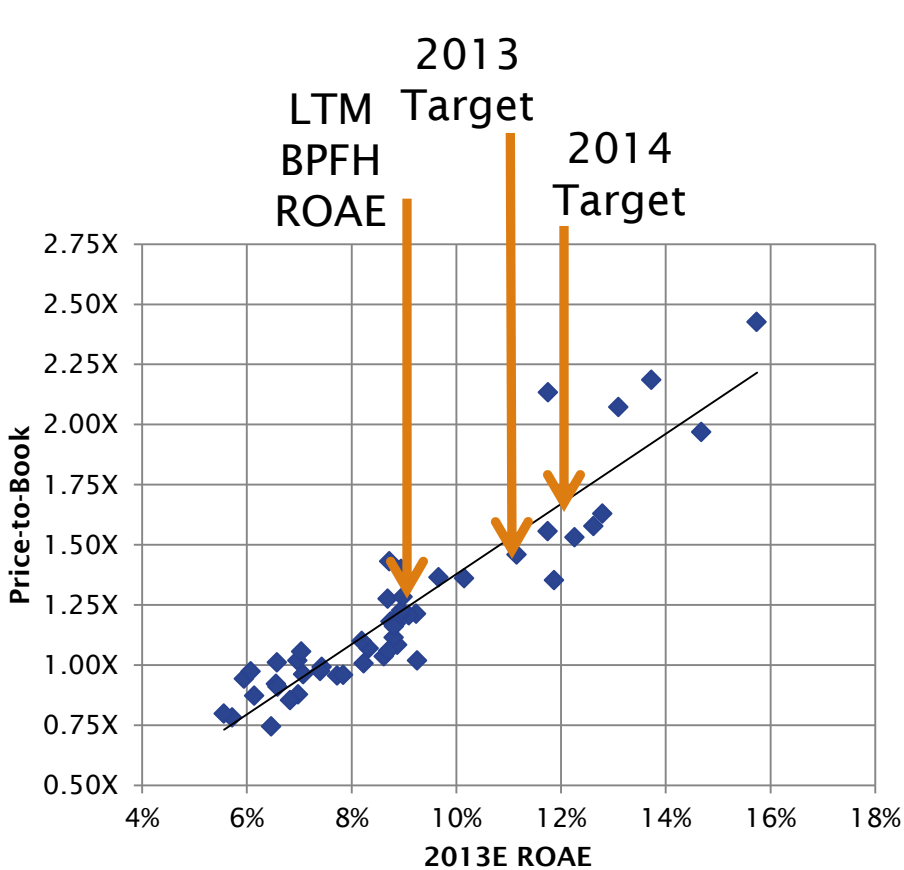
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Two Distinct Business Models Drive Value

Metric	Non-Banks	Bank & HoldCo	BPFH
Annualized earnings*	\$8.3	\$45.3	\$53.6
EPS contribution	\$0.10	\$0.53	\$0.63
Tangible common equity*	(\$18.4)	\$491.3	\$472.9
TBV/share	(\$0.21)	\$5.70	\$5.49
Capital requirements:	Minimal	Intensive	

*Dollars in millions

2. Our Primary Focus is to Optimize ROE



Approximately 50% of executive variable compensation is tied to ROE performance

Note: Data based on KBW Regional Bank Index; Source: SNL

3. Steps We're Taking to Improve Returns

Wealth Management: Priority on growth/client expansion

- West Coast Bank IM&T fully staffed; new platform/GDP being introduced in all markets
- Partner expansion at Bingham, Osborn & Scarborough
- Client development focus at KLS with Southern California expansion
- New fund capabilities at Anchor
- Actively exploring wealth management affiliate expansion and add-on opportunities

Private Banking/HoldCo: Priority on disciplined margin management and capital allocation

- Disciplined management of loan book and capital allocation
- Committed to capturing \$10M in annual cost saves, realized by 1H 2013
- Opportunities to increase fee-based revenue
 - Mortgage banking
 - Cash management services

Summary: Our Beliefs

- Our focus on private clients affords us attractive growth and return opportunities
- Our business mix is attractive and provides an important element of revenue diversification
- Our balance sheet, capital base and risk profile are strong and will continue to improve
- Our network and brand are important assets upon which to build, and represent opportunities to expand our client base
- Our non-bank wealth management businesses are important contributors

4. Appendix

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

Private Bank Performance Highlights – Linked Quarter

(\$millions)	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%)	Improvement in Criticized Loans and continued low-levels of NCOs
<u>Provision/(Credit)</u>	<u>\$1.7</u>	<u>(\$4.0)</u>	<u>NM</u>	
Pre-Tax Income	\$19.5	\$22.9	17%	
Efficiency Ratio****	60%	60%	--	

*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

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>	==	Positive operating leverage
Pre-Tax Income from Continuing Operations	\$2.4	\$2.7	13%	
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	

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	Q2 12 reflects gain on sale of Davidson Trust Company
Total Expenses	\$5.1	\$6.7	33%	
<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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