

BOSTON PRIVATE
FINANCIAL HOLDINGS, INC.

Investor Presentation

Clayton G. Deutsch, CEO and President

David J. Kaye, CFO

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Q1 2013

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: An appealing business and economic model
 - Wealth Management
 - Private Banking
2. Our return targets
3. 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

Two Distinct Business Models Drive Value

Metric	Non-Banks	Bank & HoldCo	BPFH
Q1 13 annualized earnings*	\$9.1	\$43.7	\$52.8
Annualized EPS contribution	\$0.11	\$0.50	\$0.61
Tangible common equity*	(\$12.0)	\$509.9	\$497.9
TBV/share	(\$0.14)	\$5.91	\$5.77
Capital requirements:	Minimal	Intensive	

*Dollars in millions
All figures exclude impact of Carlyle/Preferred transactions announced in April 5

Our Strategy for Increasing Value

Revenue Mix Management

Drive fee revenue growth, with a particular focus on Wealth Management expansion and generation of Banking fees in excess of NII growth

Disciplined Expense Management

Tightly manage expenses, and create positive operating leverage in excess of margin compression

Efficient Capital Management

Continue to de-risk; achieve a top quartile risk profile, and fine tune leverage with efficient capital management

Deliver greater cash return to shareholders while adequately reinvesting in our Company's businesses

Wealth Management

- Steady fee-based revenue stream
 - Wealth management fees* account for 36% of revenue
- \$21.9B in AUM, \$181M in net AUM inflows in Q1
- Q1 EBITDA margin of 29%**
- Positive operating leverage
- Wealth Management encompasses:

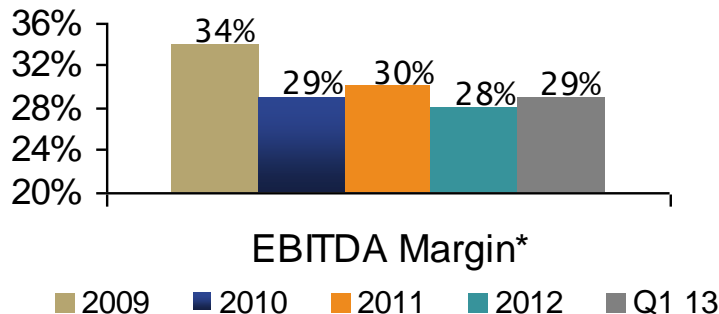
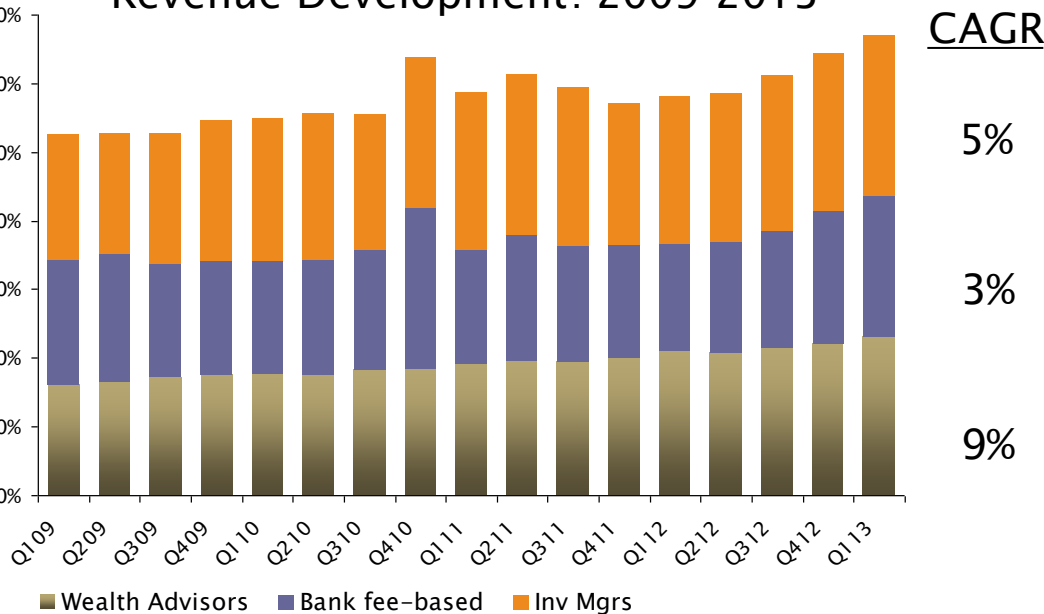
Wealth Advisory	Investment Managers	Bank IM&T
KLS Professional Advisors Bingham, Osborn & Scarborough	Anchor Capital Dalton, Greiner, Hartman & Maher	Boston Private Wealth Advisory, Investment Management & Trust

*Includes Investment Management Fees, Private Bank Investment Management & Trust Fees and Wealth Advisory Fees

**Wealth Advisors and Investment Managers only

Attractiveness of Fee-Based Revenue Stream

Revenue Development: 2009-2013



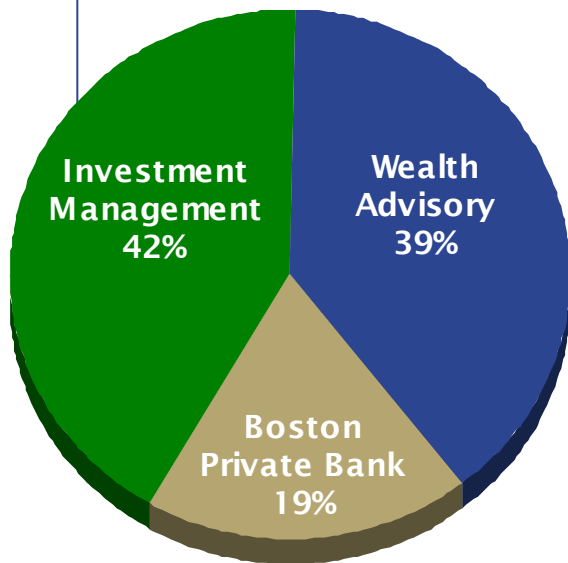
- Capital-light businesses
 - No additional capital needed for growth
 - Stable, significant stream of unrestricted cash flow
- Stable source of revenue
 - Diversifies NII exposure
 - Less volatile than overall equity market
- Strong profit margins
 - Expand well in growth cycle
 - Demonstrated operating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

*Wealth Advisors and Investment Managers only

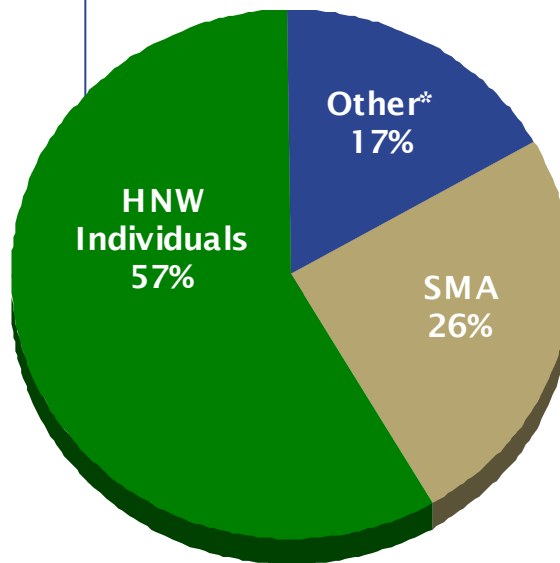
Our Wealth Management Group Platform: A Diverse Portfolio

\$21.9 Billion of AUM

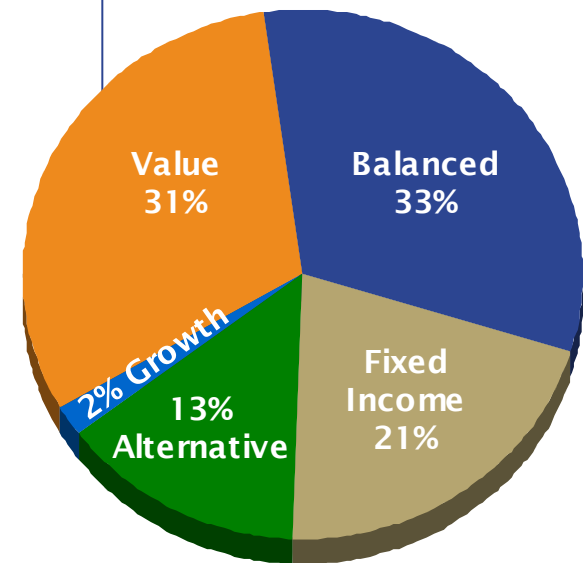
By Source



By Client Type



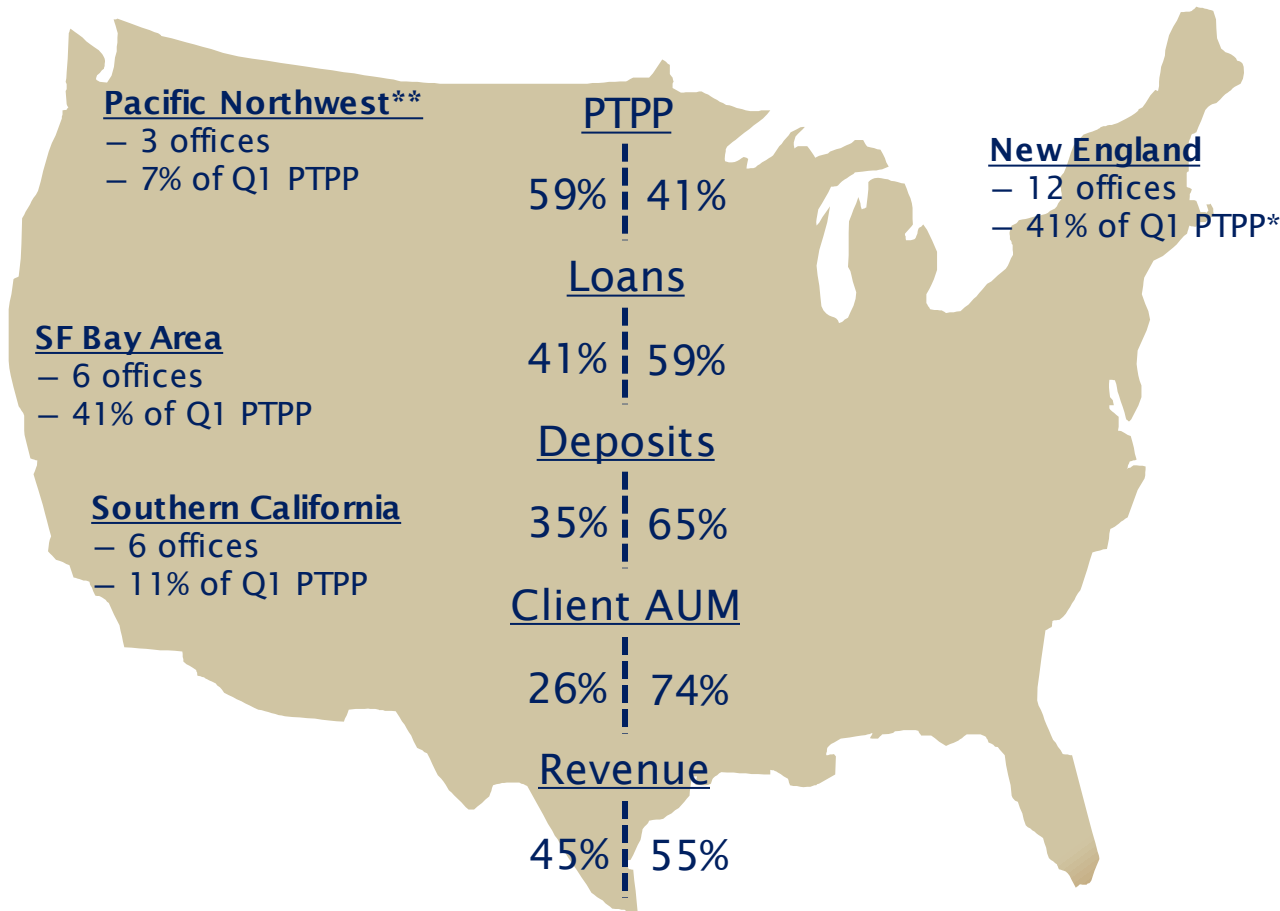
By Asset Class



*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
- Opened San Jose office in February
- More than doubled San Francisco office space
- Opened Pasadena office in April
- New Boston Private Investment Management platform (GDP) in roll-out with strong client receptivity

*Q1 2013 pre-tax, pre-provision income

**Sale to Sterling Financial Corporation closed May 10, 2013

Private Banking

- Represents 64%* of Company revenue
- \$6.0B private banking balance sheet
- \$4.8B in loans; \$4.5B in deposits
- Attractive risk profile with:
 - Steady and steep reduction in problem assets
 - High level of reserves and low charge-offs relative to industry and peer group
- Capital build:
 - Bank-only TCE/TA of 9.2%, Tier 1 Risk-Based Ratio of 12.0%
- Consolidated Q1 NIM of 3.13%
- Low loan loss provision reflecting disciplined growth with continued de-risking
- Tight management of expense profile
 - Expenses targeted to decline in 2H 2013 due to additional cost reduction program

*Excludes Private 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



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”

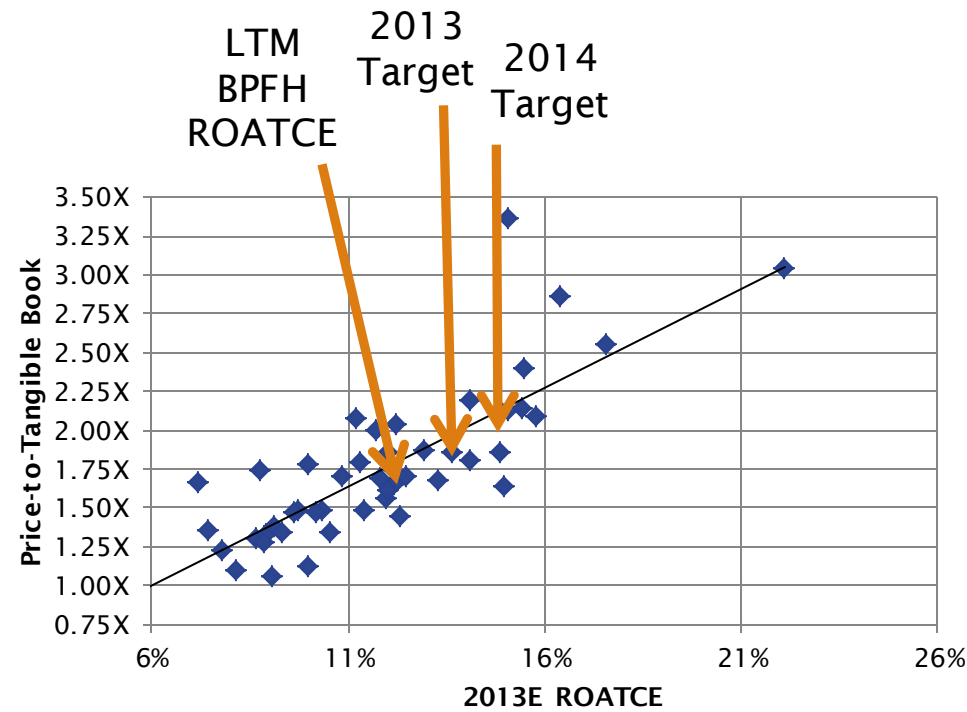
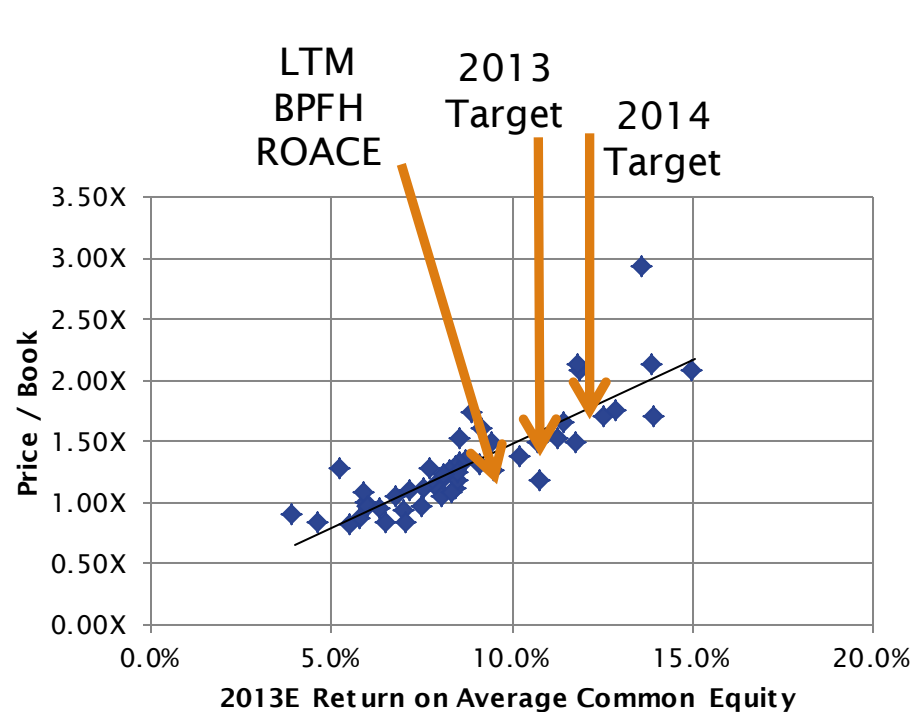
New multi-market campaign (2H 2012) to build brand awareness and expand the prospect base and younger audience

Branding effort directly connected with website redesign and CRM initiatives



2. Our Primary Focus is to Increase ROE

2013 Target of 11% ROE, 14% ROTCE



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

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

Specific Steps We've Taken to Improve Returns

Wealth Management: Priority on growth/client expansion

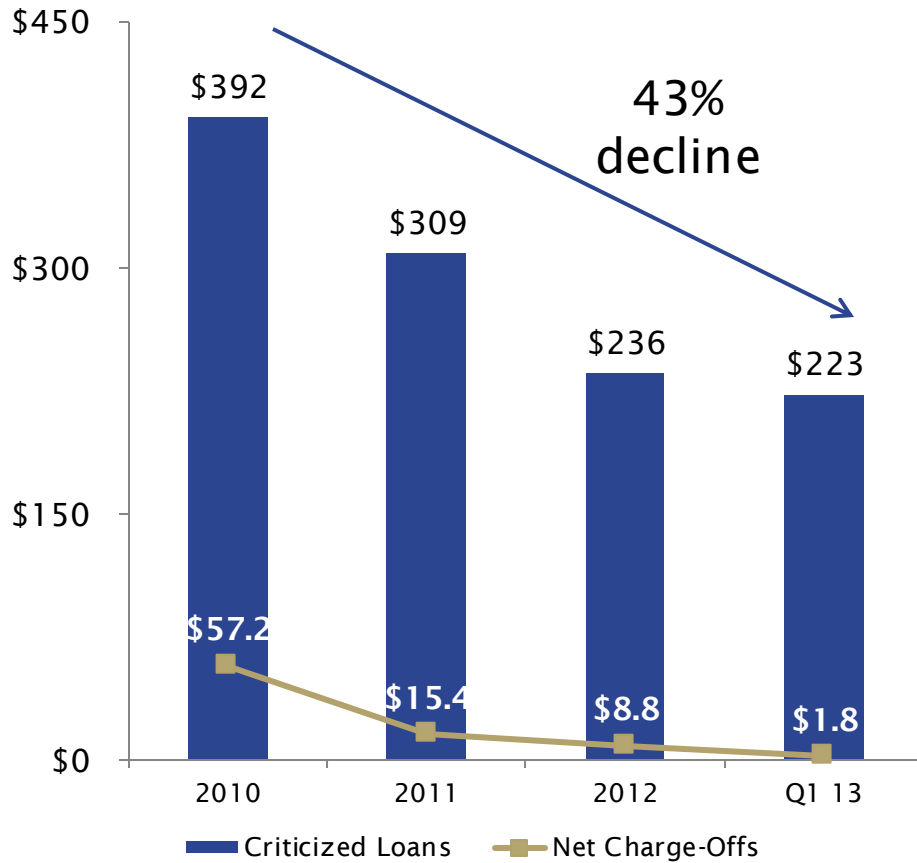
- West Coast Bank IM&T fully staffed; new platform/GDP being introduced in all markets
- Partner expansion at Bingham, Osborn & Scarborough
- Client development focus at KLS with Southern California expansion
- New fund capabilities at Anchor
- Actively exploring wealth management affiliate expansion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

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

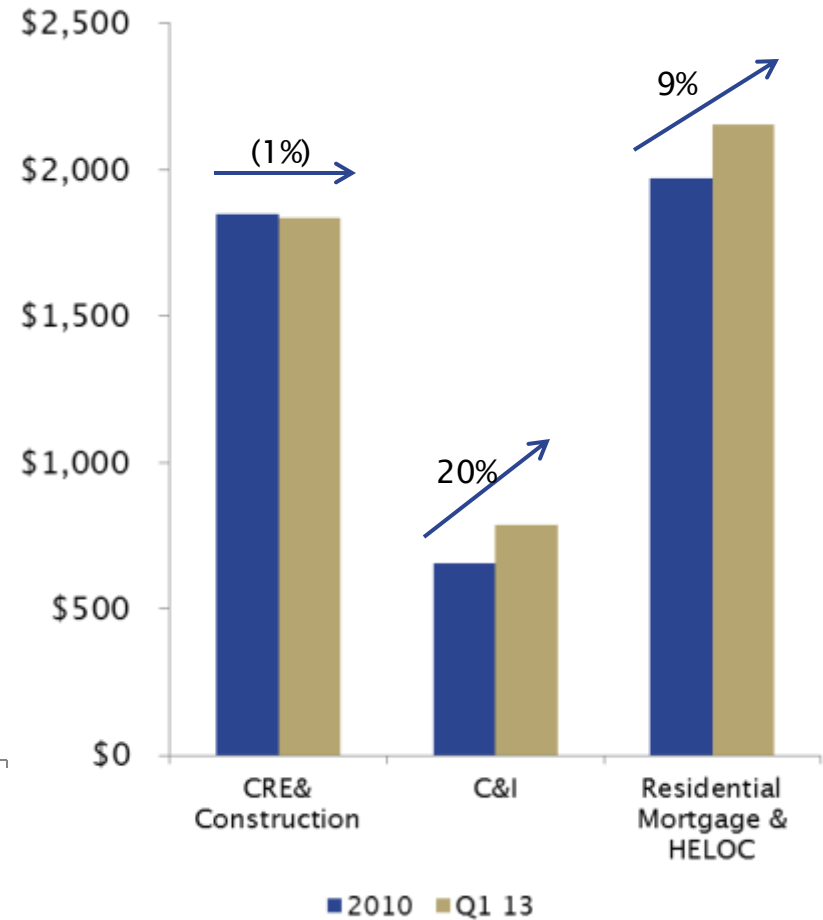
- Disciplined management of loan book and capital allocation
- Committed to capturing \$10M in annual cost saves, realized by 2H 2013
- Opportunities to increase fee-based revenue
 - Mortgage banking
 - Cash management services

Improved Risk Profile

Total Criticized Loans



Loans By Type



Dollars in millions

Steps Taken to Efficiently Manage Capital

- Sold Pacific Northwest offices in Q2 13, which freed up approximately \$30M of capital
- Repurchased all preferred shares held by The Carlyle Group in Q2 13
 - Repurchased 5.4M warrants held by The Carlyle Group for \$15M in Q1 12
- Increased the dividend to \$0.05/share from \$0.01/share in Q1 13
- Repurchased \$104M of Trust Preferreds since 2009 at a cumulative pre-tax gain of \$27M*

*Includes purchases through 3/31/13

Impact of Transactions on Q1 Financials (Pro Forma)

Repurchase of Carlyle Preferreds

- One-time EPS reduction of \$0.14
 - No impact on Net Income
- Reduces participating securities for EPS calculations by 7.3M
- Reduces TCE/TA by 113 bps
- Increases ROACE by 48 bps
- Increases ROATCE by 129 bps

Sale of PNW Offices

- \$6M-\$7M after-tax gain due to \$11M deposit premium
- Reduction in Risk-Weighted Assets and after-tax gain freed up approximately \$30M in capital

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

3. Appendix

Consolidated P&L Highlights – Linked Quarter

(\$millions)	Q4 2012	Q1 2013	% Change	Results Driven By:
NII	\$45.5	\$44.3	(3%)	Y-O-Y fee growth of 14%
Core Fees*	\$29.1	\$29.9	3%	
<u>Other Income**</u>	<u>\$1.2</u>	<u>\$0.7</u>	<u>(43%)</u>	
Total Revenue	\$75.8	\$74.9	(1%)	Q1 13 elevated due to seasonal compensation expenses
Operating Expenses	\$61.1	\$56.6	(7%)	
Restructuring	\$1.6	--	NM	Significant improvement in PTPP, driven largely by Private Banking
<u>Total Expenses</u>	<u>\$62.7</u>	<u>\$56.6</u>	<u>(10%)</u>	
PTPP***	\$13.1	\$18.3	40%	
<u>Provision/(Credit)</u>	<u>(\$5.0)</u>	<u>--</u>	<u>NM</u>	Decline in Classified Loans and overall improvement in credit quality
Pre-Tax Income from Continuing Operations	\$18.1	\$18.3	1%	
Efficiency Ratio****	80%	74%	(6 pts)	

*Includes IM&T Fees, Wealth Advisory Fees, Private Banking Fees and Gain on Sale of Loans

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

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

****Excludes restructuring; FTE basis

Private Bank Performance Highlights – Linked Quarter

(\$millions)	Q4 2012	Q1 2013	% Change	Results Driven By:
NII	\$46.7	\$45.4	(3%)	Increase driven by Bank IM&T and banking fees
Core Fees*	\$9.3	\$9.8	5%	
<u>Other Income**</u>	<u>\$0.3</u>	--	<u>NM</u>	
Total Revenue	\$56.3	\$55.1	(2%)	
Operating Expenses	\$39.7	\$34.6	(13%)	
Restructuring	\$1.5	--	NM	
<u>Total Expenses</u>	<u>\$41.2</u>	<u>\$34.6</u>	<u>(16%)</u>	
PTPP***	\$15.1	\$20.5	35%	
<u>Provision/(Credit)</u>	<u>(\$5.0)</u>	--	<u>NM</u>	Decline in Classified Loans and improvement in credit quality
Pre-Tax Income	\$20.1	\$20.5	2%	
Efficiency Ratio****	68%	61%	(7 pts)	

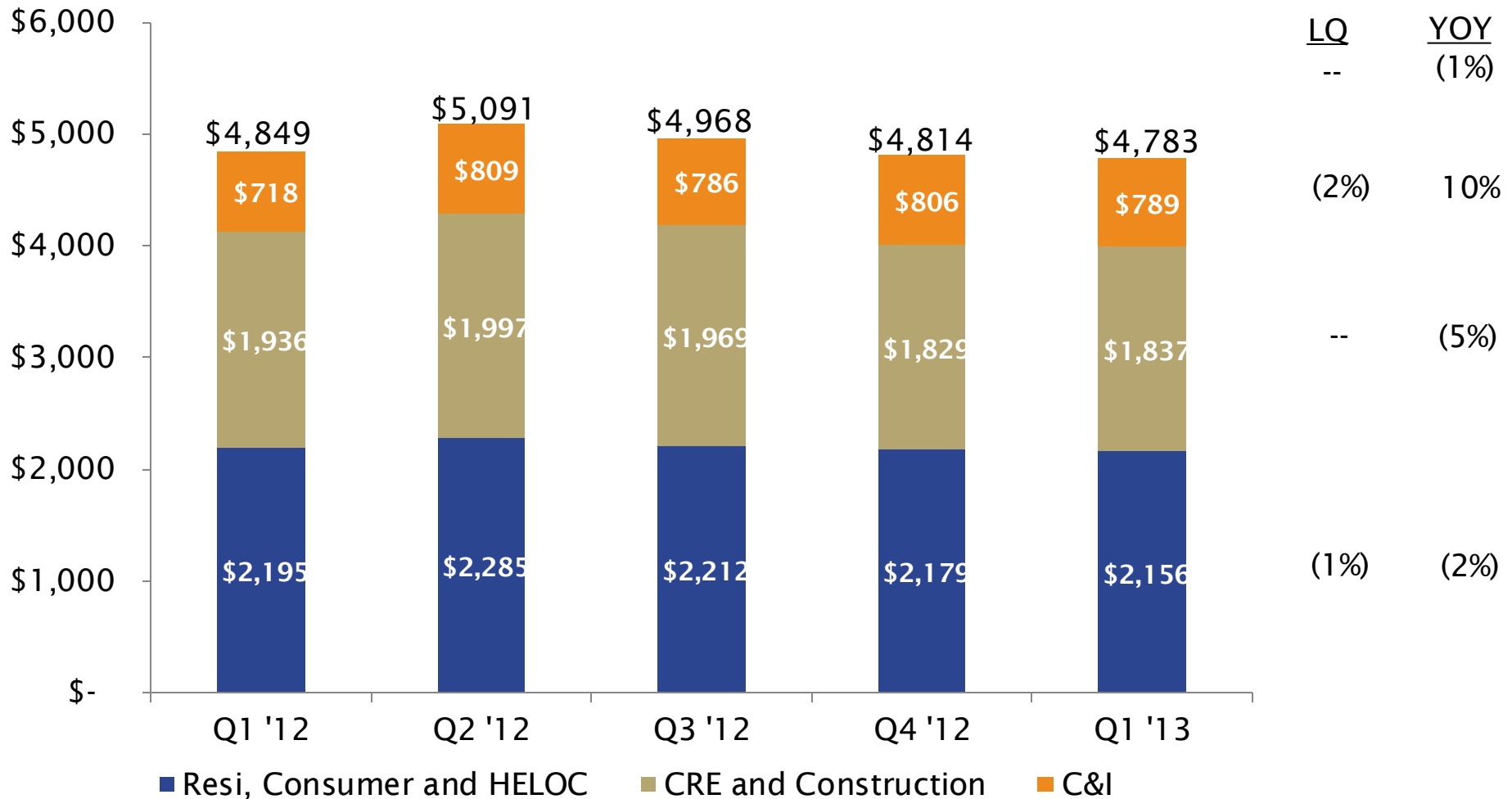
*Includes Bank IM&T Fees, Other Private Banking Fees and Gain on Sale of Loans

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

***Pre-tax, pre-provision income

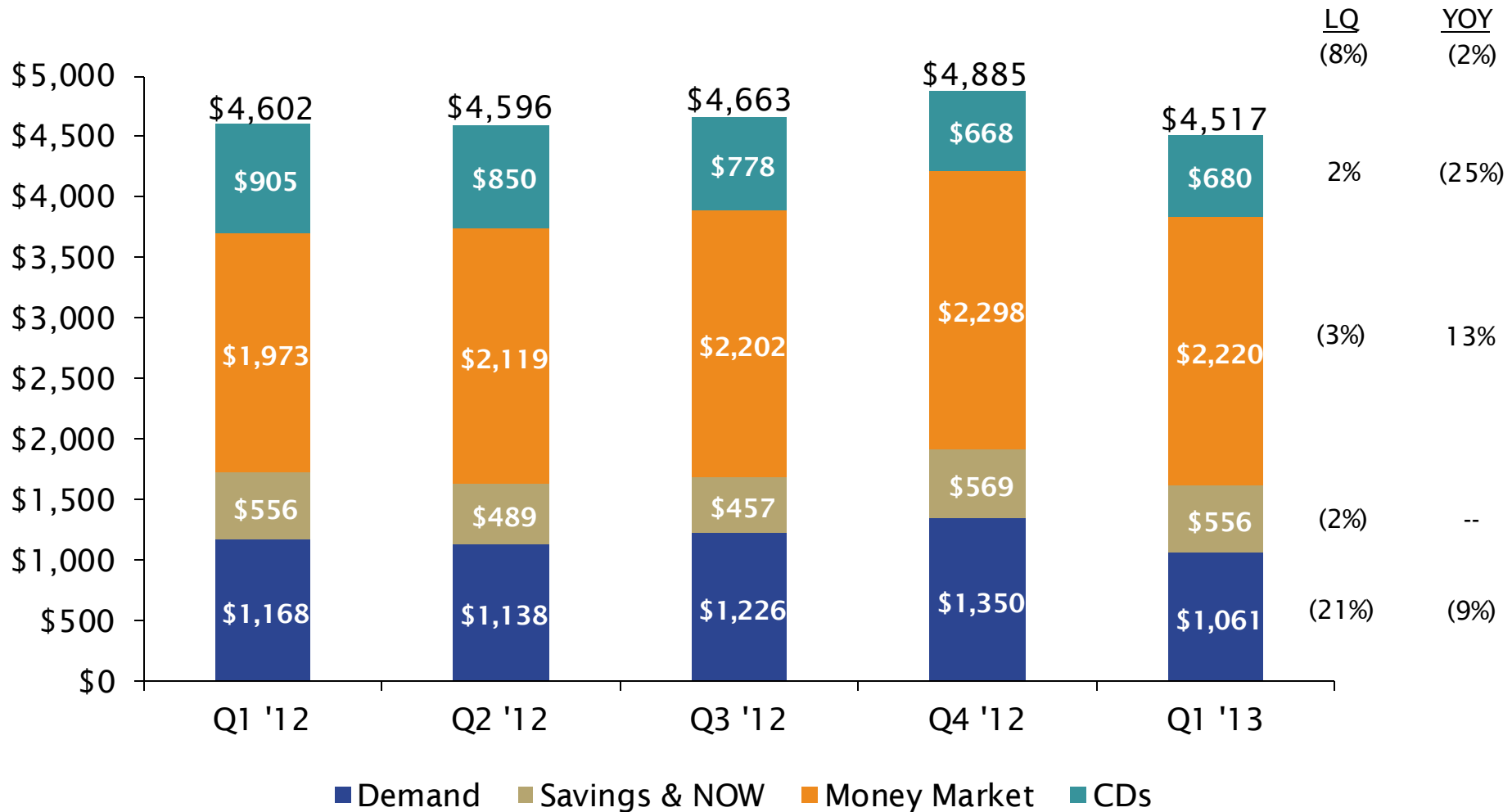
****Excludes restructuring; FTE basis

Loans By Type: Quarterly Trend



Dollars in millions

Favorable Mix Of Deposits



Dollars in millions

Investment Management Performance Highlights – Linked Quarter

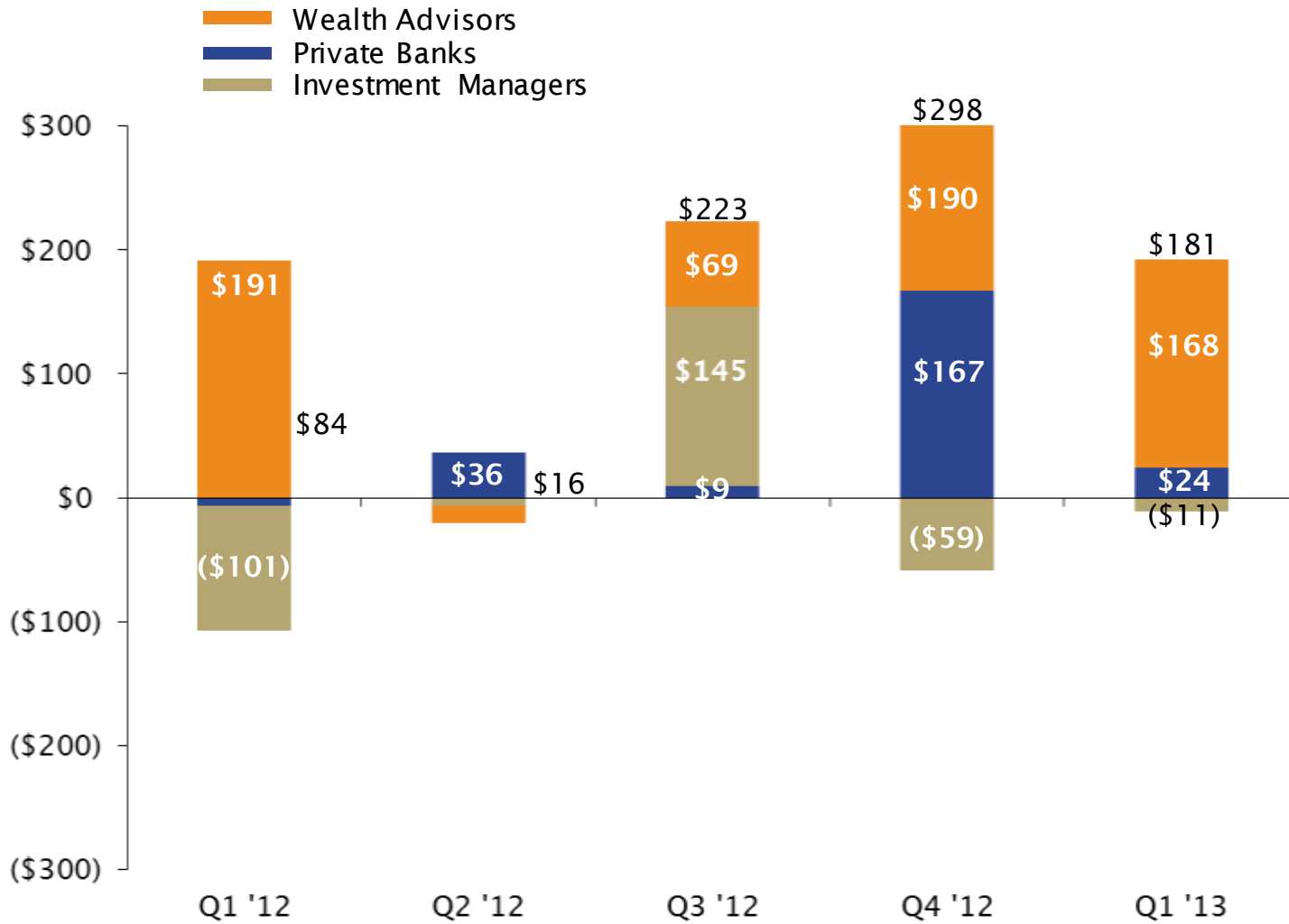
<i>(\$millions)</i>	Q4 2012	Q1 2013	% Change	Results Driven By:
Inv Mgt Fees	\$10.1	\$10.1	--	Reflects 12/31/12 market action
Total Revenue	\$10.1	\$10.1	--	
<u>Operating Expenses</u>	<u>\$8.0</u>	<u>\$7.7</u>	<u>(3%)</u>	Cost discipline creating operating leverage
Pre-Tax Income from Continuing Operations	\$2.1	\$2.4	12%	
EBITDA Margin	29%	31%	2 pts	Above our 30% threshold
Pre-tax Margin	21%	23%	2 pts	
AUM (\$B)	\$8.4	\$9.3	10%	
Net Flows (\$M)	(\$59)	(\$11)	NM	

Wealth Advisory

Performance Highlights – Linked Quarter

<i>(\$millions)</i>	Q4 2012	Q1 2013	% Change	Results Driven By:
Wealth Adv Fees	\$9.7	\$10.1	3%	AUM build and stable revenue in our Wealth Advisory businesses
Total Revenue	\$9.7	\$10.1	3%	
<u>Operating Expenses</u>	<u>\$7.7</u>	<u>\$7.6</u>	<u>(1%)</u>	Q1 13 expenses elevated due to professional fees
Pre-Tax Income from Continuing Operations	\$2.1	\$2.5	20%	
EBITDA Margin	24%	27%	3 pts	Positive operating leverage; improved margins
Pre-tax Margin	21%	25%	4 pts	
AUM (\$B)	\$8.1	\$8.5	5%	Continued strong flows for BOS and KLS
Net Flows (\$M)	\$190	\$168	(12%)	

AUM Net Flows



Dollars in millions
Excluding market changes

Holding Company Costs – Linked Quarter

<i>(\$millions)</i>	Q4 2012	Q1 2013	% Change
NII	(\$1.3)	(\$1.1)	12%
<u>Other Revenue</u>	<u>\$0.9</u>	<u>\$0.7</u>	<u>(24%)</u>
Total Revenue	(\$0.3)	(\$0.4)	(21%)
Operating Expenses	\$5.7	\$6.6	16%
Restructuring	\$0.2	--	NM
Total Expenses	\$5.9	\$6.6	13%
<u>Discontinued Operations</u>	<u>\$1.8</u>	<u>\$1.7</u>	<u>(5%)</u>
HoldCo Pre-Tax Loss	(\$4.4)	(\$5.3)	(21%)

Results Driven By:

\$1.5M retirement benefit valuation update

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