

BOSTON PRIVATE
FINANCIAL HOLDINGS, INC.

Fourth Quarter and Year End 2013 Results

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Forward Looking Statements

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.

Certain statements in this presentation that are not historical facts may constitute 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 include, among others, statements regarding our strategy, evaluations of future interest rate trends and liquidity, expectations as to growth in assets, deposits and results of operations, receipt of regulatory approval for pending acquisitions, success of acquisitions, future operations, market position, financial position, and prospects, plans and objectives of management. You should not place undue reliance on the Company’s 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 that adversely affect borrowers’ ability to service and repay our loans; changes in the value of securities in the Company’s investment portfolio, changes in loan default and charge-off rates, the adequacy of loan loss reserves, decreases in deposit levels necessitating increased borrowing to fund loans and investments; changes in government regulation; 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, dispositions and restructurings; 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. Forward-looking statements speak only as of the date on which they are made. 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)	Q3 2013	Q4 2013	% Change	Results Driven By:
NII	\$42.3	\$43.5	3%	4% linked quarter loan growth, 3% linked quarter deposit growth and stable NIM
Core Fees*	\$29.8	\$32.8	10%	
<u>Other Income**</u>	<u>\$0.4</u>	<u>\$1.5</u>	<u>NM</u>	18% increase in Investment Management fees 5% increase in Wealth Advisory fees 4% increase in Bank IM&T fees
Total Revenue	\$72.5	\$77.9	7%	
<u>Total Expenses</u>	<u>\$52.1</u>	<u>\$55.7</u>	<u>7%</u>	
PTPP***	\$20.4	\$22.2	9%	\$1.2M in performance incentives for our Wealth Managers, \$1.3M in other year end comp accruals and \$600K in marketing
<u>Provision/(Credit)</u>	<u>(\$6.0)</u>	<u>(\$2.0)</u>	<u>NM</u>	
Pre-Tax Income from Continuing Operations	\$26.4	\$24.2	(9%)	
Efficiency Ratio****	68%	68%	---	

*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 and amortization of intangibles; FTE basis

Consolidated P&L Highlights – FY 2013

(\$millions)	FY 2012	FY 2013	% Change	Results Driven By:
NII	\$183.3	\$174.0	(5%)	6% YOY loan growth offset by 17 bps decline in FY NIM and sale of Pacific Northwest offices
Core Fees*	\$109.4	\$122.7	12%	
<u>Other Income**</u>	<u>\$5.6</u>	<u>\$13.6</u>	<u>NM</u>	
Total Revenue	\$298.3	\$310.3	4%	12% fee growth in each of our three Wealth Management businesses
Operating Expenses	\$226.6	\$221.4	(2%)	
Restructuring	\$5.9	---	NM	2% decline in salaries and benefits 8% decline in professional services fees
<u>Total Expenses</u>	<u>\$232.5</u>	<u>\$221.4</u>	<u>(5%)</u>	
PTPP***	\$65.8	\$88.9	35%	
<u>Provision/(Credit)</u>	<u>(\$3.3)</u>	<u>(\$10.0)</u>	<u>NM</u>	26% YOY decline in Criticized Loans
Pre-Tax Income from Continuing Operations	\$69.1	\$98.9	43%	
Efficiency Ratio****	76%	69%	(7 pts)	

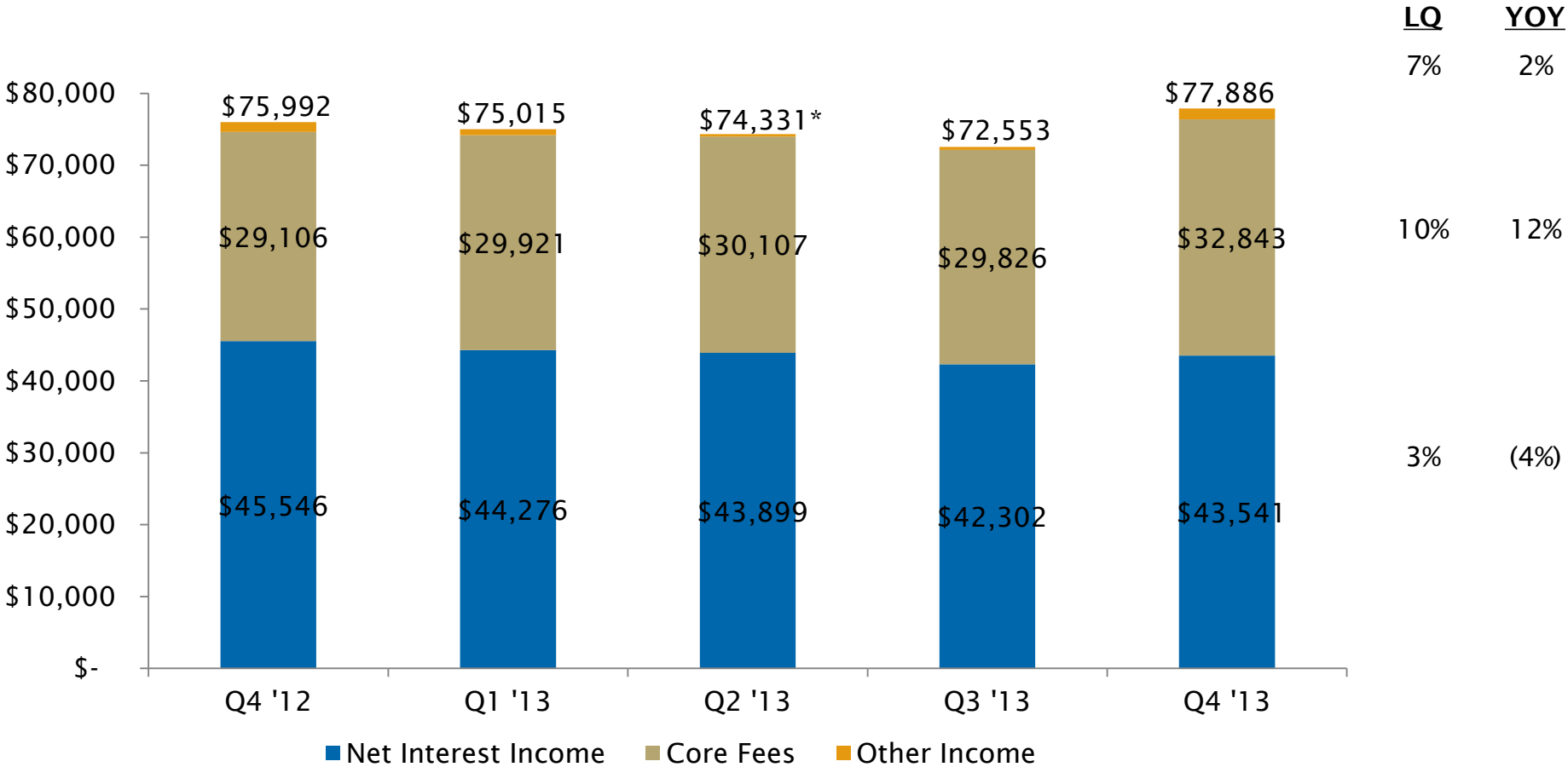
*Includes IM&T fees, wealth advisory fees, private banking fees and gain on sale of loans

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

***Pre-tax, pre-provision income

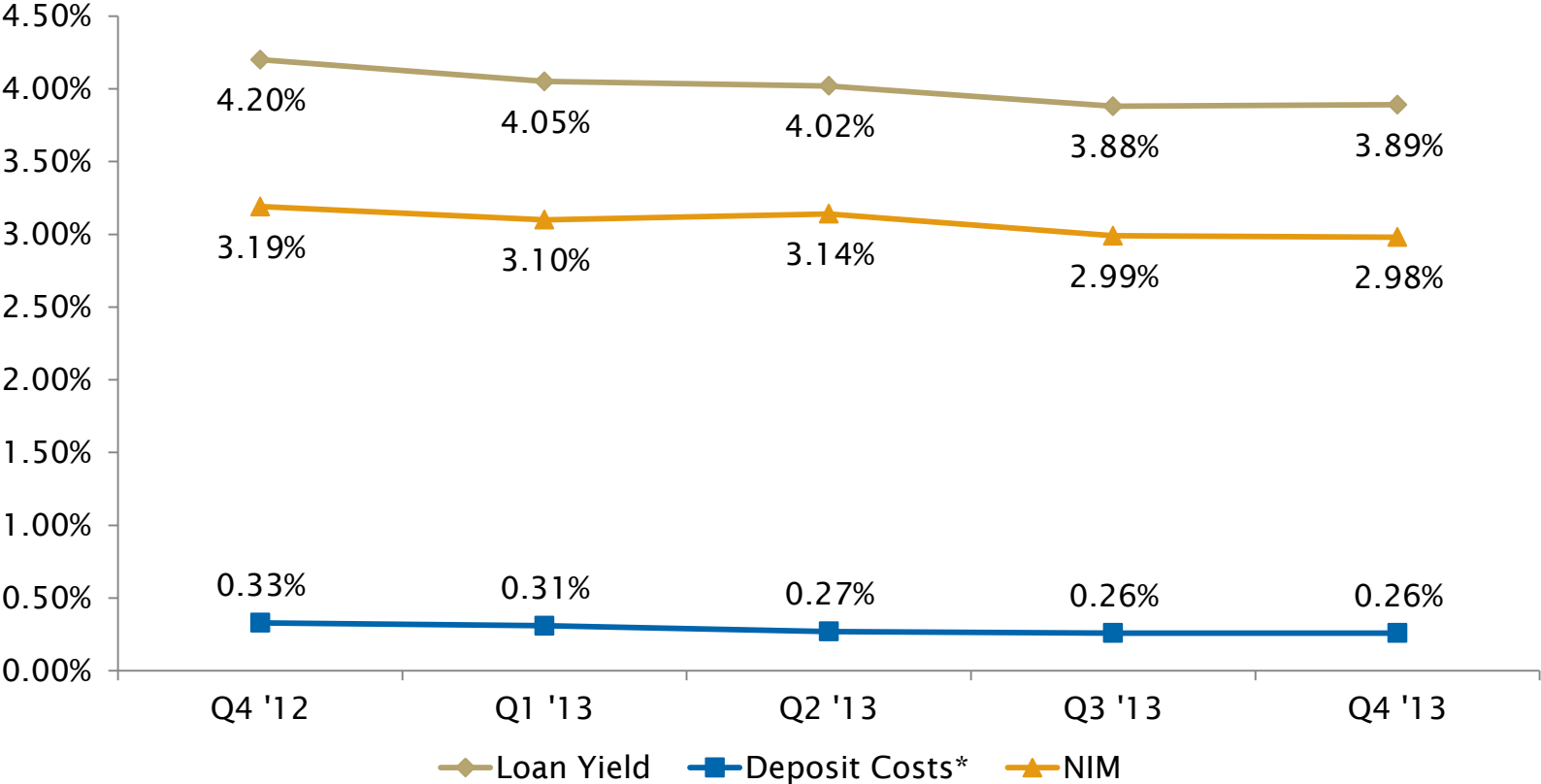
****Excludes restructuring; FTE basis

Spread and Fee-Based Revenues



*Q2 '13 excludes gain on sale of PNW offices of \$10.6M

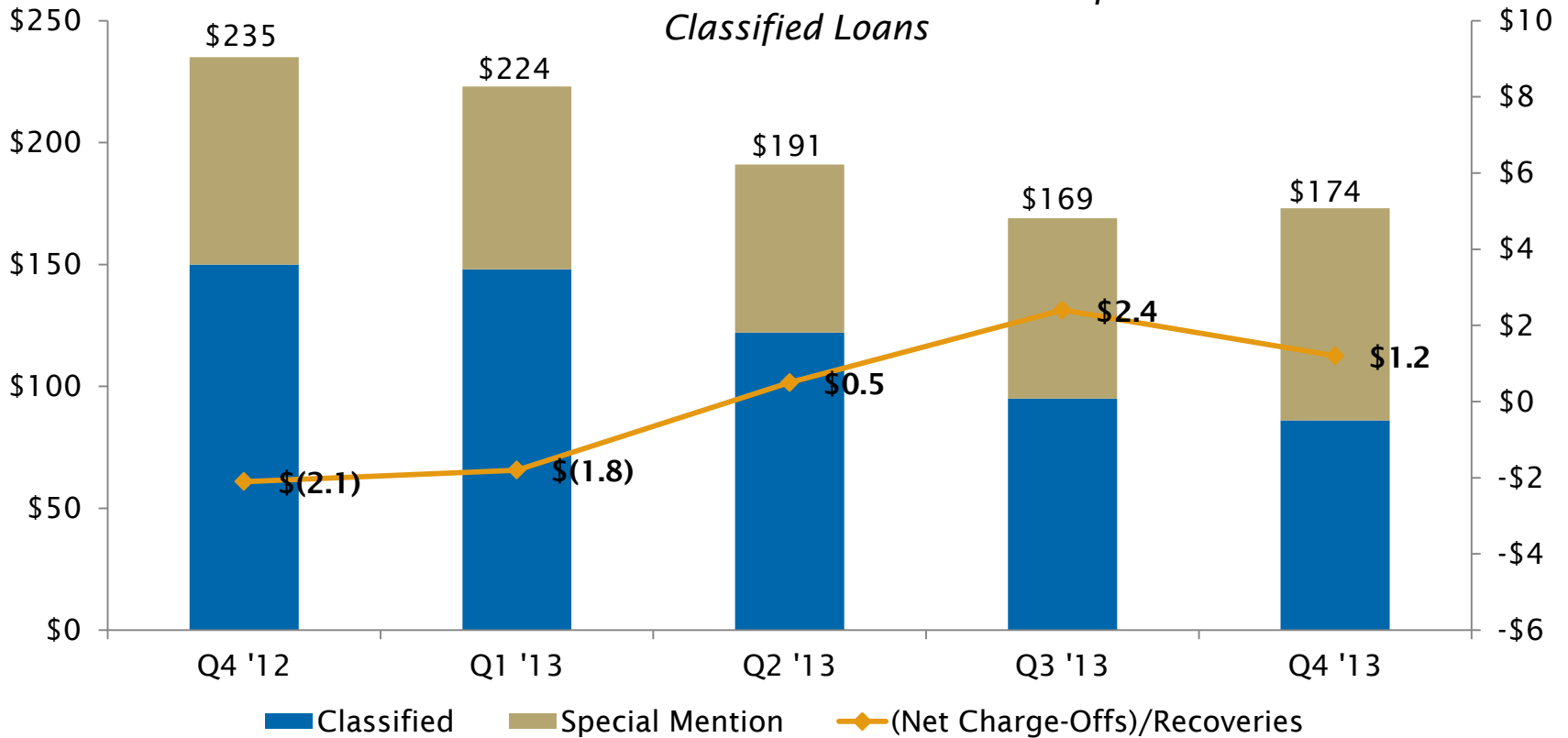
Net Interest Margin



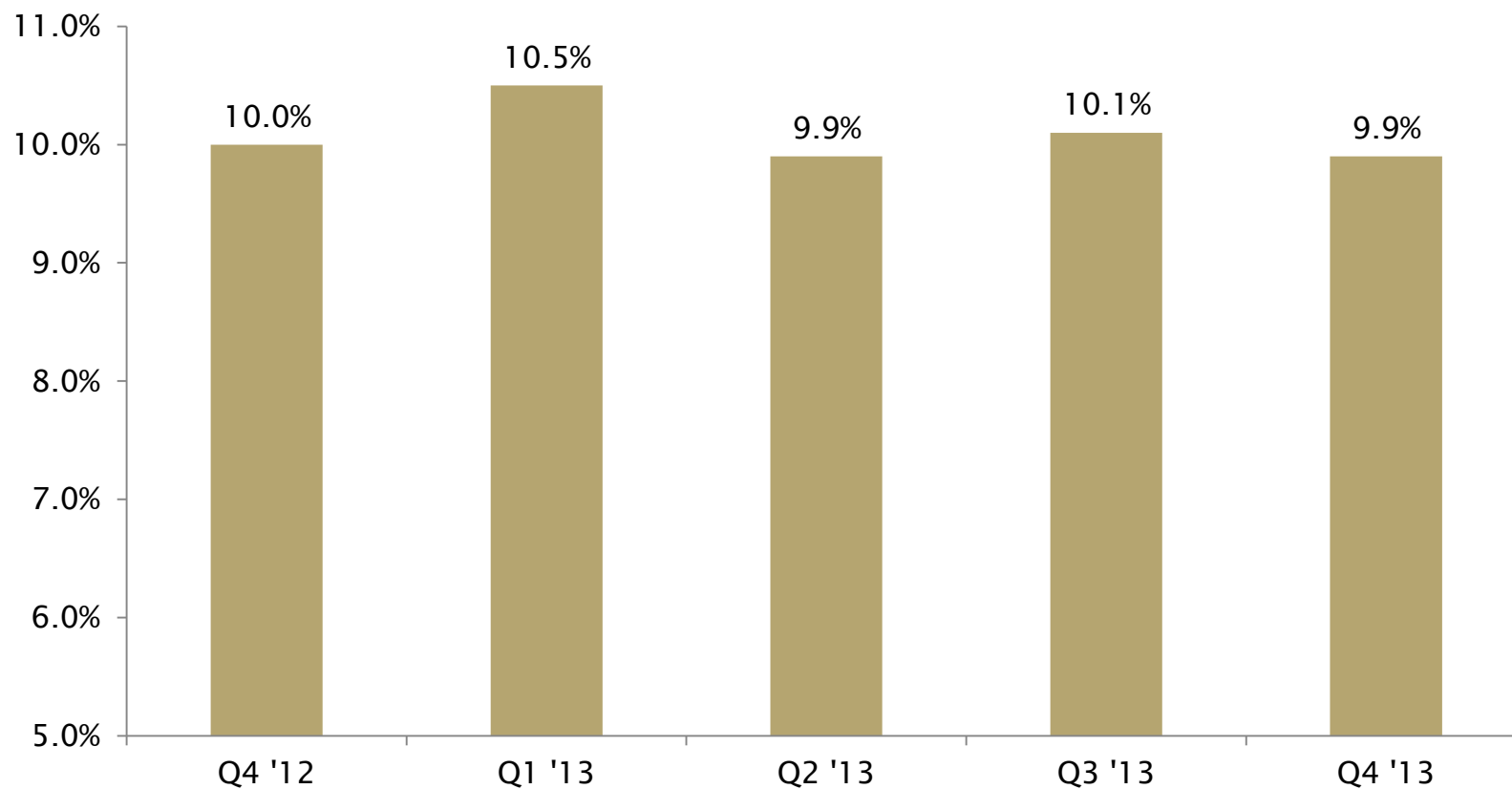
*Includes Demand Deposit Accounts

Criticized Loans

4Q '13 provision credit of \$2M driven by recoveries and 9% linked quarter reduction in Classified Loans



Tier 1 Common Equity/Risk Weighted Assets



Private Bank Performance Highlights – Linked Quarter

<i>(\$millions)</i>	Q3 2013	Q4 2013	% Change	
NII	\$43.4	\$44.5	3%	4% linked quarter loan growth, 3% linked quarter deposit growth and stable NIM
Core Fees*	\$8.6	\$9.2	7%	
<u>Other Income**</u>	<u>\$0.4</u>	<u>\$1.3</u>	<u>NM</u>	
Total Revenue	\$52.4	\$54.9	5%	4% increase in Bank IM&T fees and 36% increase in Other Banking Fee Income
<u>Total Expenses</u>	<u>\$32.9</u>	<u>\$35.6</u>	<u>8%</u>	
PTPP***	\$19.5	\$19.4	(1%)	Includes year end comp accruals, marketing and liability restructuring
<u>Provision/(Credit)</u>	<u>(\$6.0)</u>	<u>(\$2.0)</u>	<u>(67%)</u>	
Pre-Tax Income	\$25.5	\$21.4	(16%)	
Efficiency Ratio****	60%	62%	2 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 and amortization of intangibles; FTE basis

Private Bank Performance Highlights – FY 2013

(\$millions)	FY 2012	FY 2013	% Change	Results Driven By:
NII	\$189.3	\$178.2	(6%)	6% YOY loan growth offset by 17 bps decline in full year NIM
Core Fees*	\$32.5	\$36.5	12%	
<u>Other Income**</u>	<u>\$1.8</u>	<u>\$12.5</u>	<u>NM</u>	\$10.6M pre-tax gain on sale of Pacific Northwest offices in Q2 '13
Total Revenue	\$223.6	\$227.2	2%	
Operating Expenses	\$145.8	\$139.9	(4%)	Restructuring savings and decreases in comp and occupancy related to PNW sale
Restructuring	\$4.0	---	NM	
<u>Total Expenses</u>	<u>\$149.8</u>	<u>\$139.9</u>	<u>(7%)</u>	18% increase in PTPP drives efficiency ratio into target zone
PTPP***	\$73.8	\$87.3	18%	
<u>Provision/(Credit)</u>	(\$3.3)	(\$10.0)	<u>NM</u>	
Pre-Tax Income	\$77.1	\$97.3	26%	
Efficiency Ratio****	63%	59%	(4 pts)	

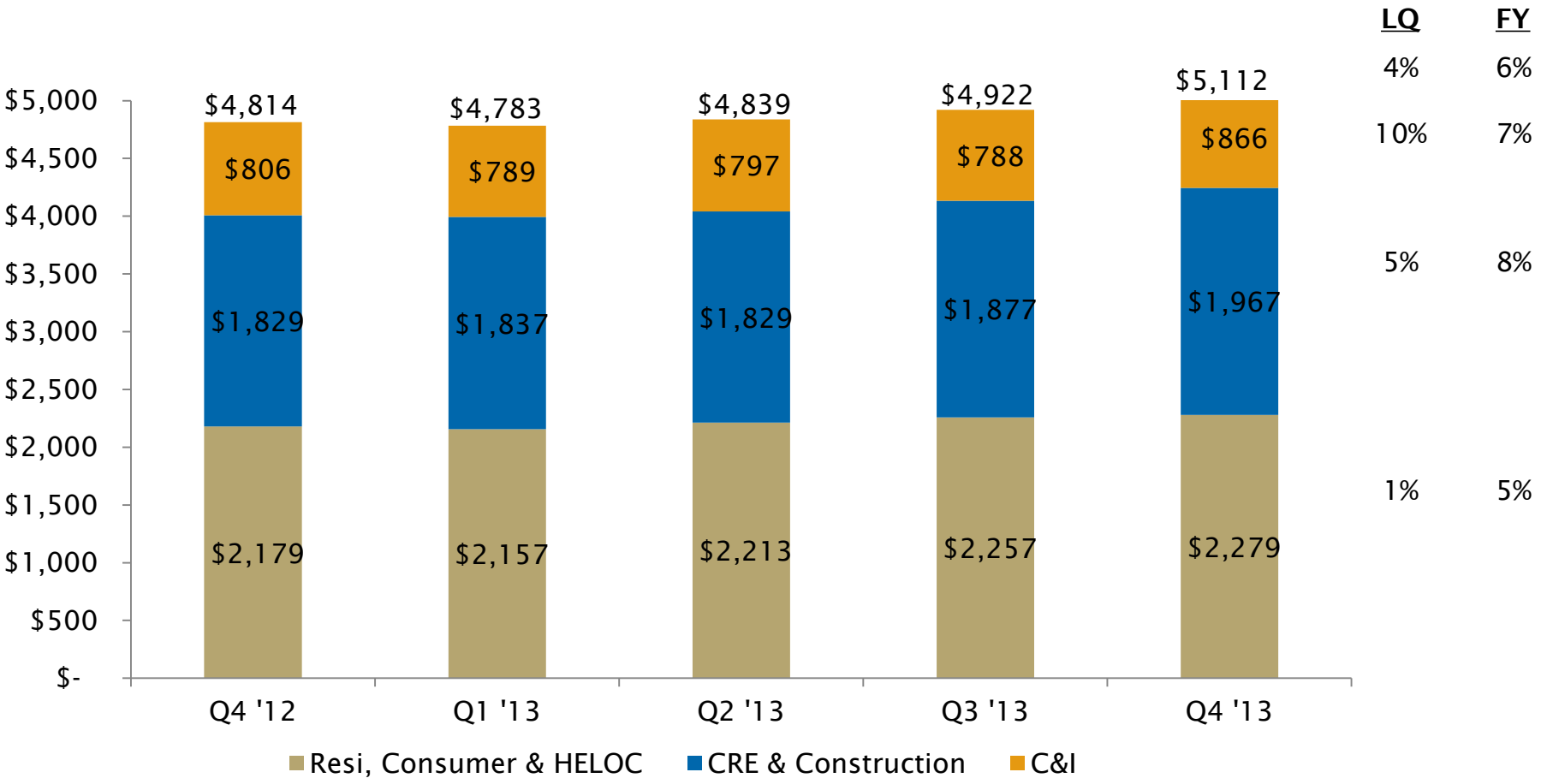
*Includes Bank IM&T fees, other private banking fees and gain on sale of loans

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

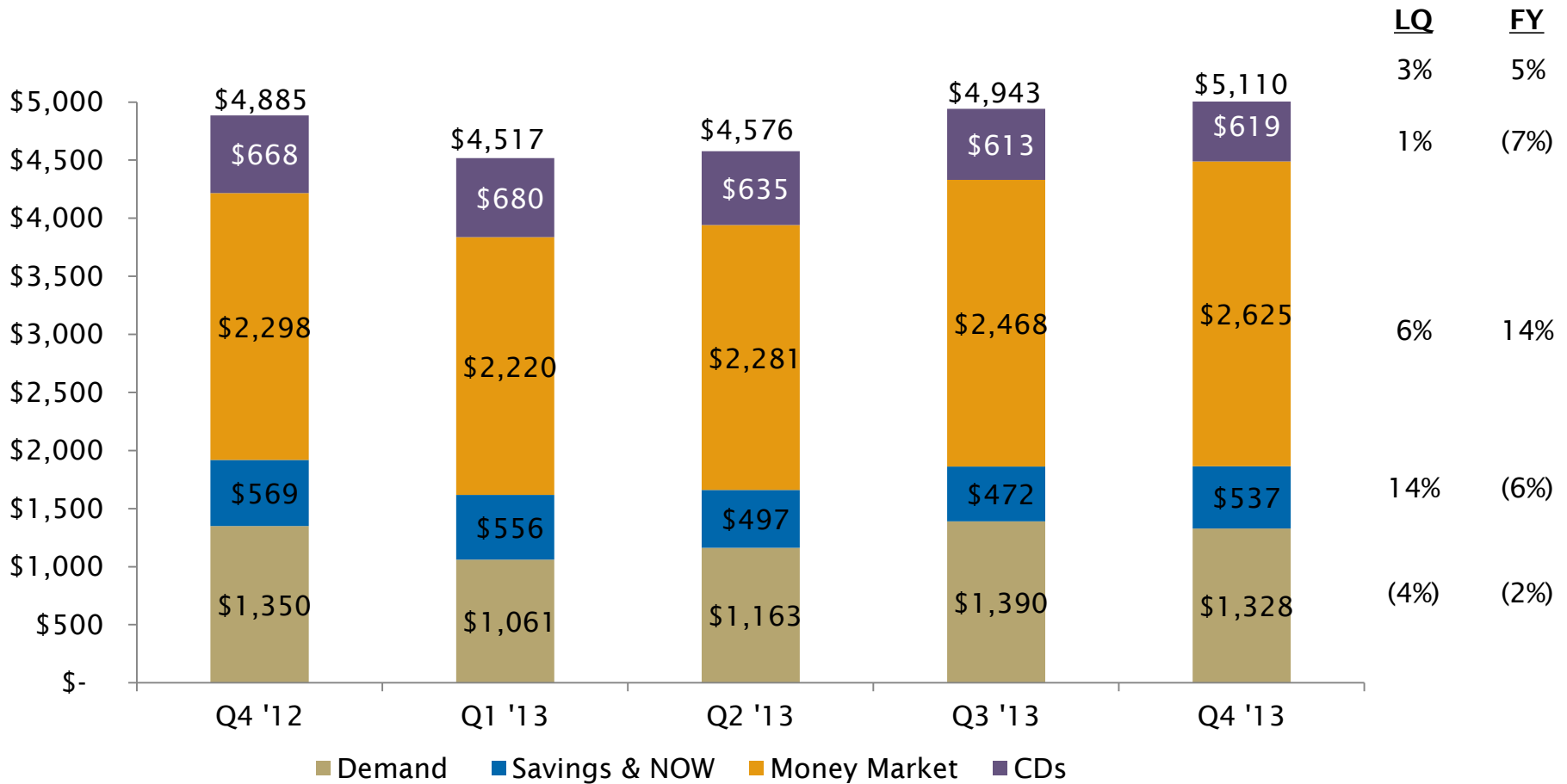
***Pre-tax, pre-provision income

****Excludes restructuring; FTE basis

Loans By Type: Quarterly Trend



Deposits: Quarterly Trend



Investment Management Performance Highlights – Linked Quarter

<i>(\$millions)</i>	Q3 2013	Q4 2013	% Change	Results Driven By:
Inv Mgt Fees	\$10.5	\$12.4	18%	Reflects Q3 AUM build and Q4 performance fees
Total Revenue	\$10.5	\$12.4	18%	
<u>Operating Expenses</u>	<u>\$8.4</u>	<u>\$8.8</u>	5%	Strong operating leverage and EBITDA margin expansion
Pre-Tax Income from Continuing Operations	\$2.1	\$3.6	69%	
EBITDA Margin	27%	35%	8 pts	
Pre-tax Margin	20%	29%	9 pts	
AUM (\$B)	\$9.7	\$10.4	7%	
Net Flows (\$M)	\$17	(\$38)	NM	

Investment Management Performance Highlights – FY 2013

<i>(\$millions)</i>	FY 2012	FY 2013	% Change
Inv Mgt Fees	\$39.2	\$43.8	12%
Total Revenue	\$39.2	\$43.8	12%
<u>Operating Expenses</u>	<u>\$31.4</u>	<u>\$33.2</u>	<u>6%</u>
Pre-Tax Income	\$7.9	\$10.7	36%
EBITDA Margin	28%	31%	3 pts
Pre-tax Margin	20%	24%	4 pts
AUM (\$B)	\$8.4	\$10.4	23%
Net Flows (\$M)	(\$21)	(\$265)	NM

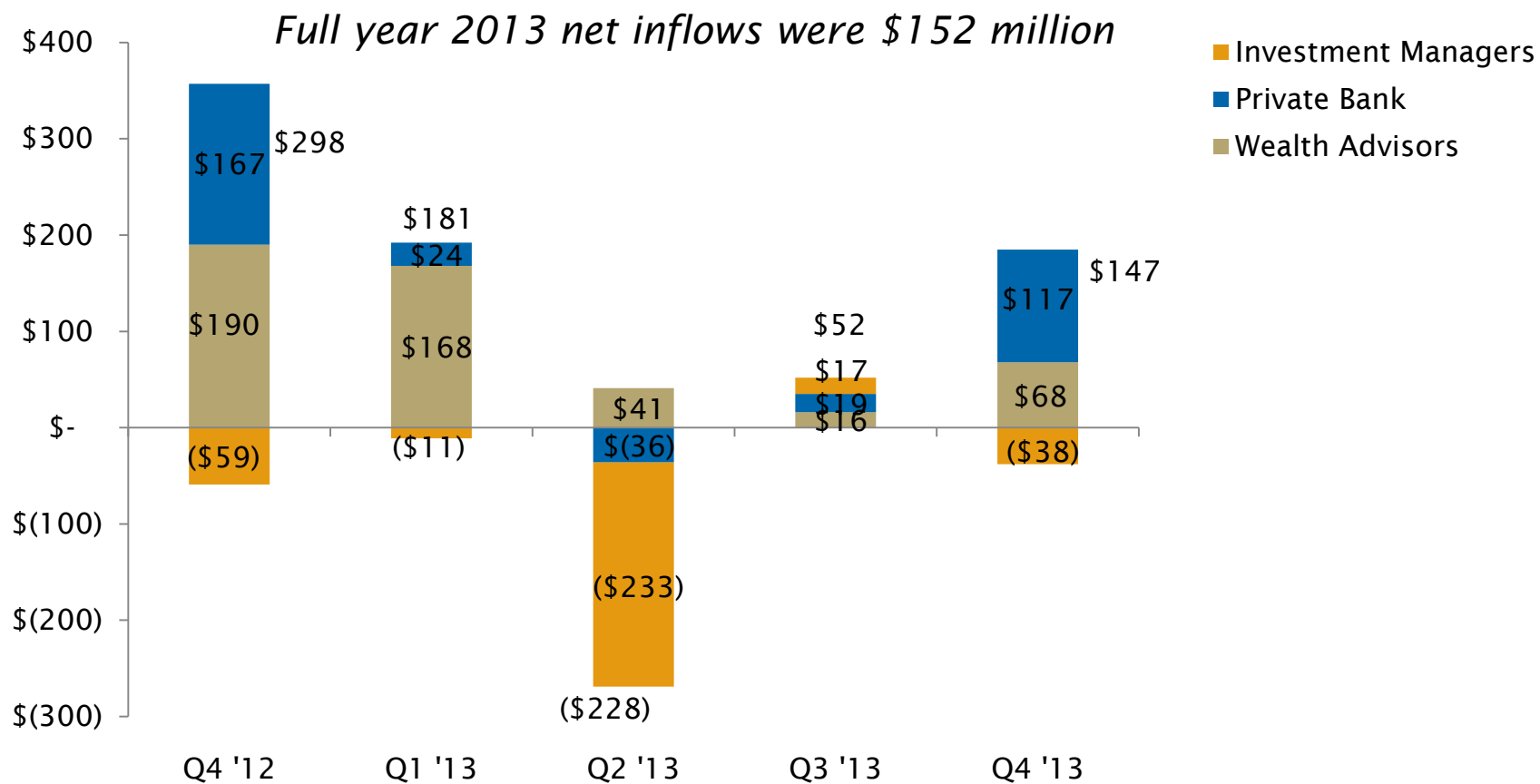
Wealth Advisory Performance Highlights – Linked Quarter

<i>(\$millions)</i>	Q3 2013	Q4 2013	% Change	Results Driven By:
Wealth Adv Fees	\$10.7	\$11.3	6%	Steady growth and stable pricing
Total Revenue	\$10.7	\$11.3	6%	
<u>Operating Expenses</u>	<u>\$7.3</u>	<u>\$7.8</u>	6%	
Pre-Tax Income from Continuing Operations	\$3.4	\$3.5	4%	
EBITDA Margin	34%	33%	(1 pt)	Above our 30% target
Pre-tax Margin	31%	31%	---	
AUM (\$B)	\$8.8	\$9.3	6%	
Net Flows (\$M)	\$16	\$68	NM	Strong new business development

Wealth Advisory Performance Highlights – FY 2013

<i>(\$millions)</i>	FY 2012	FY 2013	% Change
Wealth Adv Fees	\$37.7	\$42.4	12%
Total Revenue	\$37.7	\$42.4	12%
<u>Operating Expenses</u>	<u>\$28.0</u>	<u>\$29.6</u>	<u>6%</u>
Pre-Tax Income	\$9.7	\$12.8	33%
EBITDA Margin	28%	33%	5 pts
Pre-tax Margin	26%	30%	4 pts
AUM (\$B)	\$8.1	\$9.3	16%
Net Flows (\$M)	\$436	\$293	(33%)

AUM Net Flows



*Assets Under Management/Advisory
Dollars in millions

Holding Company Costs – FY 2013

<i>(\$millions)</i>	FY 2012	FY 2013	% Change	Results Driven By:
NII	(\$6.0)	(\$4.3)	29%	
<u>Other Revenue</u>	<u>\$3.8</u>	<u>\$1.1</u>	<u>(70%)</u>	2012 included greater amount of gain on debt repurchase
Total Revenue	(\$2.3)	(\$3.1)	(38%)	
Operating Expenses	\$21.4	\$18.7	(13%)	
Restructuring	\$1.9	---	NM	
Total Expenses	\$23.3	\$18.7	(20%)	Declines in restructuring, compensation and professional services fees
<u>Discontinued Operations</u>	<u>\$7.6</u>	<u>\$7.8</u>	<u>2%</u>	
HoldCo Pre-Tax Loss	(\$17.9)	(\$14.1)	22%	

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