

**BOSTON PRIVATE**  
FINANCIAL HOLDINGS, INC.

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**Fourth Quarter and Year End 2014 Results**

**Clayton Deutsch**  
CEO & President

**David Kaye**  
Chief Financial Officer

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

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*January 22, 2015*

# 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, prospects for growth in assets, and prospects for overall results over the long term. 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 weakness in general economic conditions on a national basis or in the local markets in which the Company operates; changes in the value of securities and other assets; changes in loan default and charge-off rates, the adequacy of loan loss reserves, or decreases in deposit levels necessitating increased borrowing to fund loans and investments; increasing 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 statement is made.*

# Linked Quarter Pre-Tax Income Reconciliation

(\$millions)

	Q3 2014	Q4 2014	Change
Pre-Tax Operating Income	\$27.2	\$17.9	(\$9.3)
Sources of Pre-Tax Operating Income Decline:			
1. Net Effect of Banyan Partners Acquisition (10/2/14)			\$0.7
2. Provision Expense			(\$5.0)
3. NII Decrease			(\$0.7)
4. Expense step-ups (includes depreciation and amortization of intangibles related to Banyan)			(\$2.1)
5. "One-time" expenses			(\$2.2)
- Restructuring & deal related charges			
- FHLB prepayment charges			
			(\$9.3)

# Consolidated P&L Highlights – Linked Quarter

<i>(\$millions)</i>	Q4 2013	Q3 2014	Q4 2014	LQ % Change	YoY % Change
NII	\$43.5	\$44.8	\$44.1	(1%)	1%
Core Fees <sup>(1)</sup>	\$32.8	\$33.6	\$39.6	18%	21%
<u>Other Income<sup>(2)</sup></u>	<u>\$1.5</u>	<u>\$0.2</u>	<u>\$0.3</u>	<u>48%</u>	<u>(79%)</u>
<b>Total Revenue</b>	<b>\$77.9</b>	<b>\$78.6</b>	<b>\$84.1</b>	<b>7%</b>	<b>8%</b>
<b><u>Total Expenses</u></b>	<b><u>\$55.5</u></b>	<b><u>\$54.0</u></b>	<b><u>\$63.8</u></b>	<b><u>18%</u></b>	<b><u>15%</u></b>
<b>PTPP<sup>(3)</sup></b>	<b>\$22.4</b>	<b>\$24.6</b>	<b>\$20.3</b>	<b>(17%)</b>	<b>(9%)</b>
<u>Provision/(Credit)</u>	<u>(\$2.0)</u>	<u>(\$2.6)</u>	<u>\$2.4</u>	<u>NM</u>	<u>NM</u>
<b>Pre-Tax Income from Continuing Operations</b>	<b>\$24.4</b>	<b>\$27.2</b>	<b>\$17.9</b>	<b>(34%)</b>	<b>(27%)</b>
Efficiency Ratio <sup>(4)</sup>	68%	65%	71%	6 pts	3 pts

1. Includes WM&T fees, wealth advisory fees, private banking fees and gain on sale of loans

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

3. Pre-tax, pre-provision income from Continuing Operations

4. Excludes amortization of intangibles and restructuring; FTE basis

# Consolidated P&L Highlights – FY 2014

(\$millions)	FY 2013	FY 2014	YoY % Change
NII	\$174.0	\$179.7	3%
Core Fees <sup>(1)</sup>	\$122.7	\$139.0	13%
<u>Other Income<sup>(2)</sup></u>	<u>\$13.6</u>	<u>\$1.8</u>	<u>(87%)</u>
<b>Total Revenue</b>	<b>\$310.4</b>	<b>\$320.5</b>	<b>3%</b>
<b><u>Total Expenses</u></b>	<b><u>\$220.7</u></b>	<b><u>\$227.1</u></b>	<b><u>3%</u></b>
<b>PTPP<sup>(3)</sup></b>	<b>\$89.7</b>	<b>\$93.4</b>	<b>4%</b>
<u>Provision/(Credit)</u>	<u>(\$10.0)</u>	<u>(\$6.4)</u>	<u>NM</u>
<b>Pre-Tax Income from Continuing Operations</b>	<b>\$99.7</b>	<b>\$99.8</b>	<b>0%</b>
Efficiency Ratio <sup>(4)</sup>	68%	67%	(1 pt)

1. Includes WM&T fees, wealth advisory fees, private banking fees and gain on sale of loans

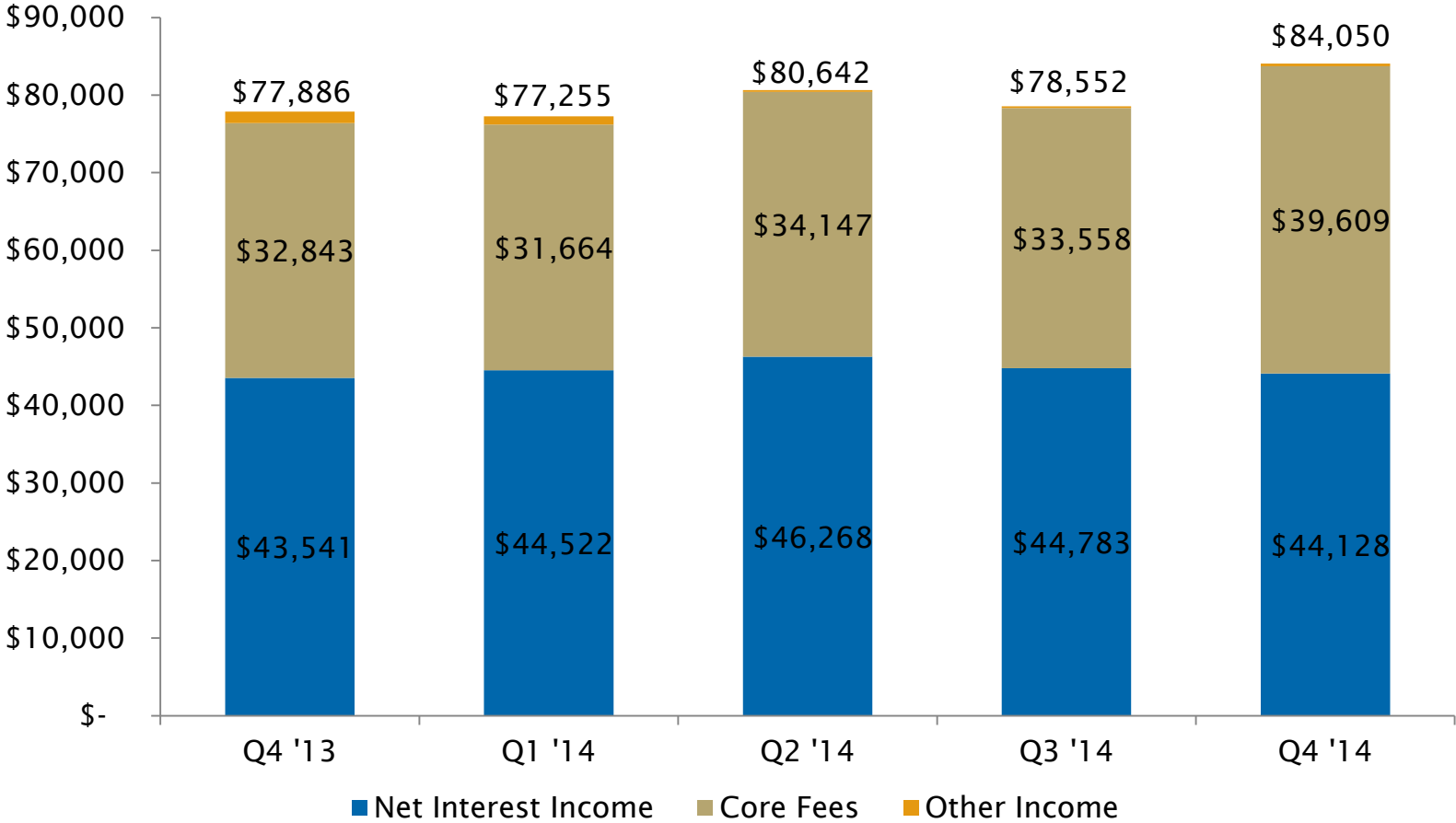
2. Includes gain on sale of investments, Gain on sale of Pacific Northwest offices, debt repurchase, OREO and other

3. Pre-tax, pre-provision income from Continuing Operations

4. Excludes amortization of intangibles and restructuring; FTE basis

# Spread and Fee-Based Revenues

\$ in millions



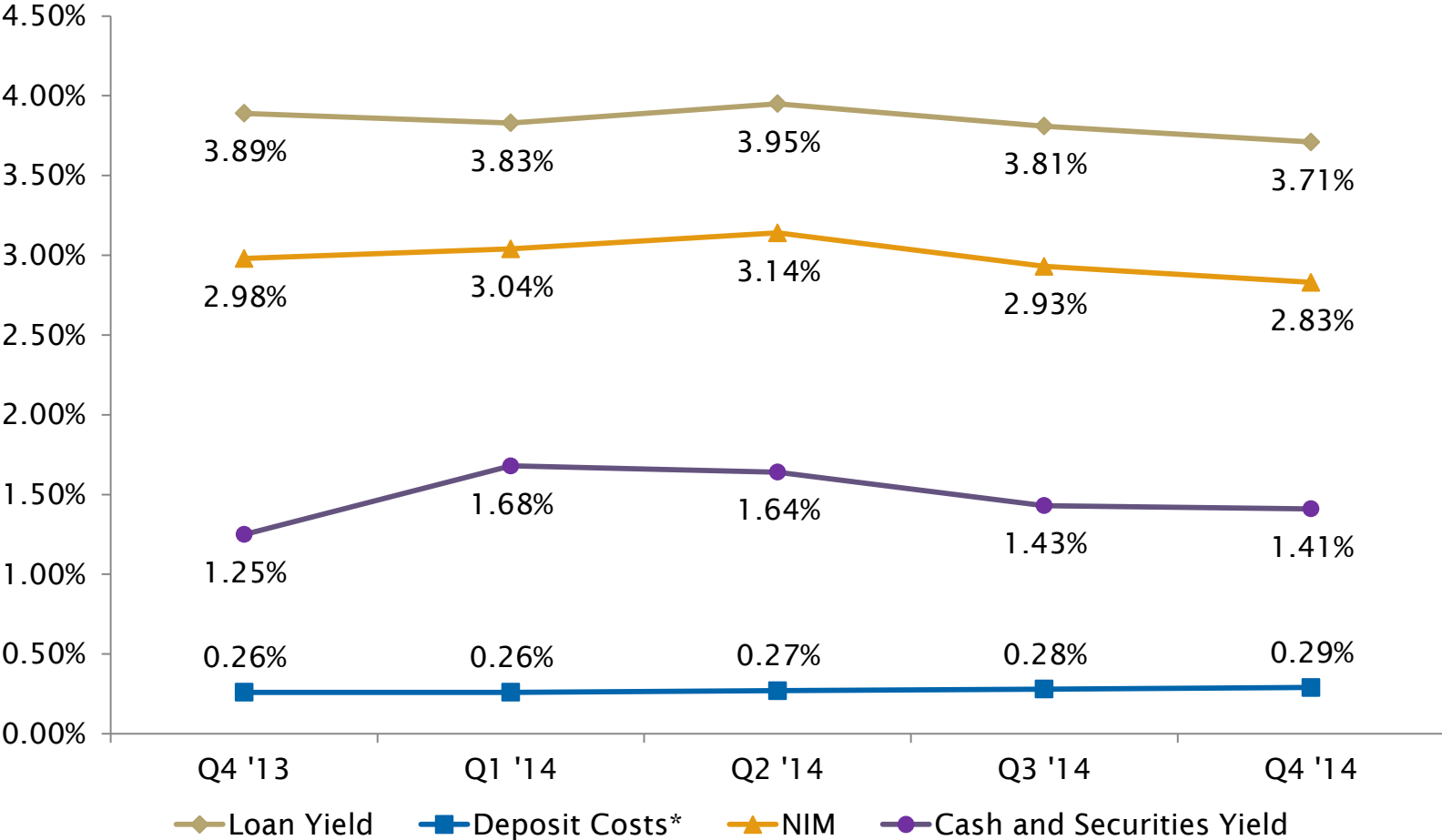
LQ      YOY

7%      8%

18%      21%

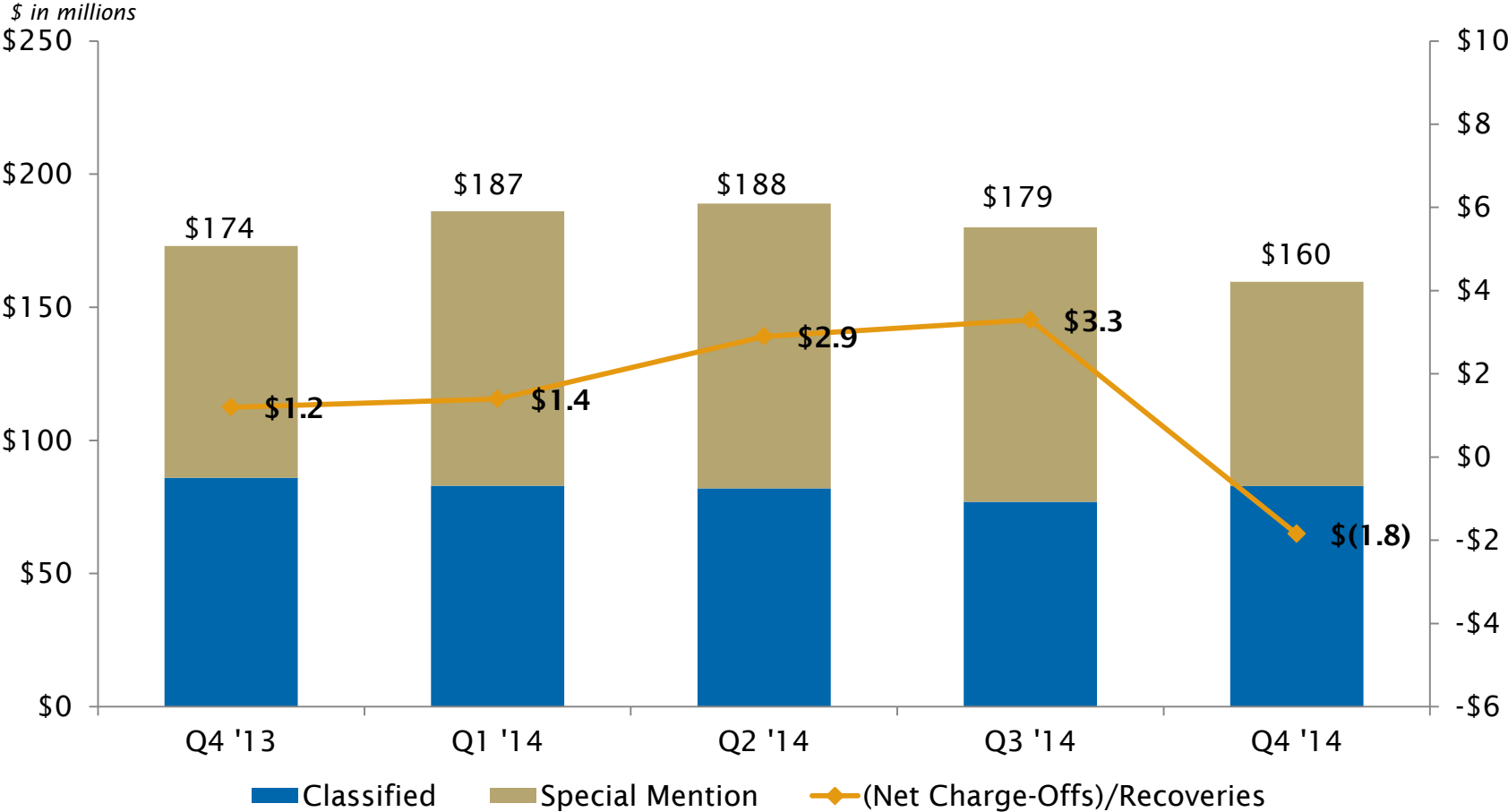
(1%)      1%

# Net Interest Margin



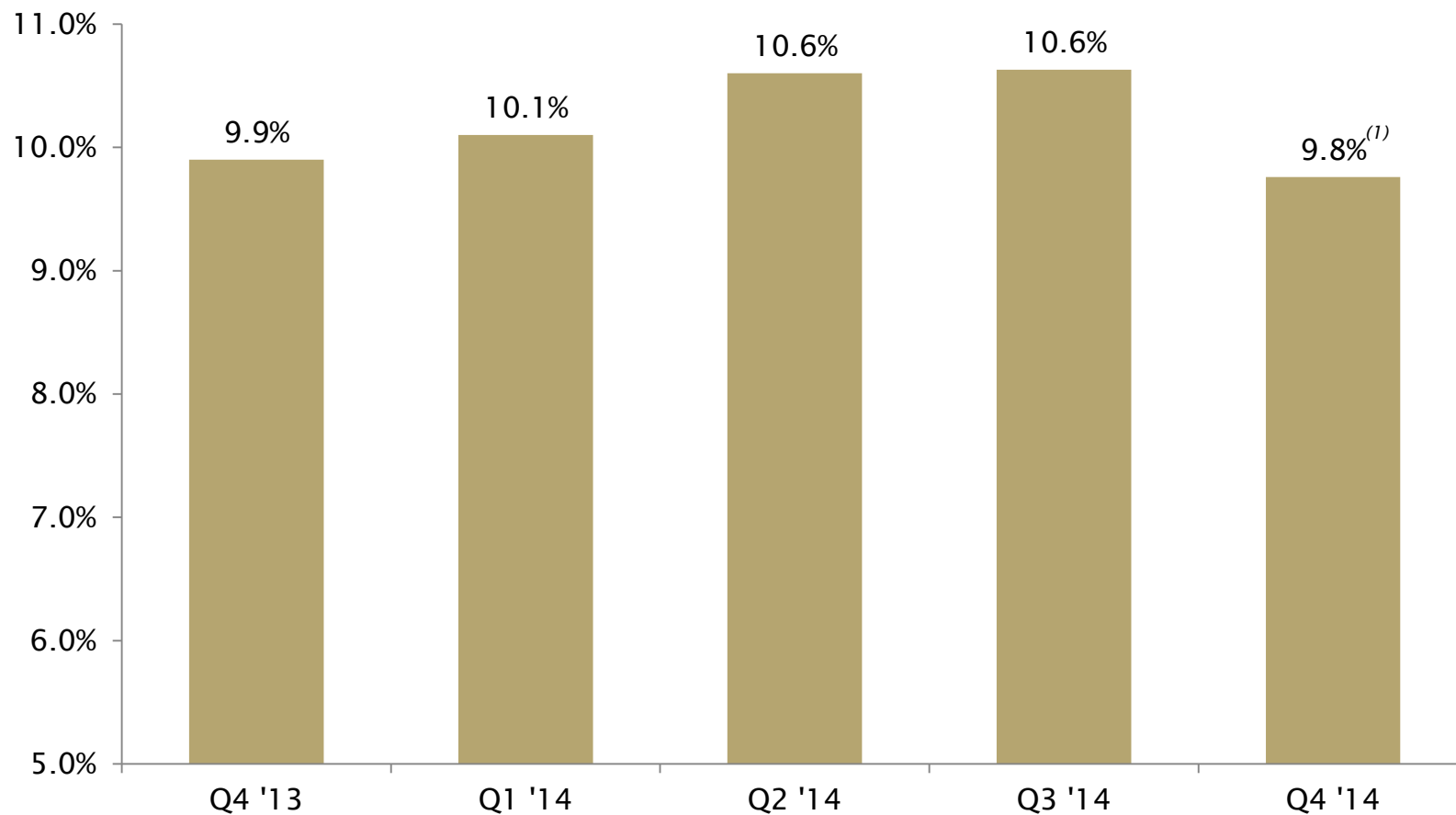
\*Includes Demand Deposit Accounts

# Criticized Loans





# Tier I Common Equity/Risk Weighted Assets



1. Estimated

# Private Bank Performance Highlights – Linked Quarter

<i>(\$millions)</i>	Q4 2013	Q3 2014	Q4 2014	LQ % Change	YoY % Change
NII	\$44.5	\$45.7	\$45.1	(-1%)	1%
Core Fees <sup>(1)</sup>	\$2.4	\$2.0	\$2.0	1%	(17%)
<u>Other Income<sup>(2)</sup></u>	<u>\$1.3</u>	<u>\$0.2</u>	<u>(\$0.6)</u>	<u>NM</u>	<u>NM</u>
<b>Total Revenue</b>	<b>\$48.2</b>	<b>\$48.0</b>	<b>\$46.5</b>	<b>(3%)</b>	<b>(4%)</b>
<b><u>Total Expenses</u></b>	<b><u>\$29.9</u></b>	<b><u>\$26.8</u></b>	<b><u>\$29.2</u></b>	<b><u>9%</u></b>	<b><u>(2%)</u></b>
<b>PTPP<sup>(3)</sup></b>	<b>\$18.3</b>	<b>\$21.2</b>	<b>\$17.3</b>	<b>(18%)</b>	<b>(6%)</b>
<u>Provision/(Credit)</u>	<u>(\$2.0)</u>	<u>(\$2.6)</u>	<u>\$2.4</u>	<u>NM</u>	<u>NM</u>
<b>Pre-Tax Income</b>	<b>\$20.3</b>	<b>\$23.8</b>	<b>\$14.9</b>	<b>(37%)</b>	<b>(27%)</b>
Efficiency Ratio <sup>(4)</sup>	62%	56%	64%	8 pts	2 pts

1. Includes private banking fees and gain on sale of loans

2. Includes gain on sale of investments, OREO and other

3. Pre-tax, pre-provision income

4. Excludes amortization of intangibles; FTE basis

# Private Bank Performance Highlights – FY 2014

<i>(\$millions)</i>	FY 2013	FY 2014	YoY % Change
NII	\$178.2	\$183.4	3%
Core Fees <sup>(1)</sup>	\$10.0	\$9.2	(8%)
<u>Other Income<sup>(2)</sup></u>	<u>\$12.5</u>	<u>\$0.7</u>	<u>(95%)</u>
<b>Total Revenue</b>	<b>\$200.7</b>	<b>\$193.3</b>	<b>(4%)</b>
<b><u>Total Expenses</u></b>	<b><u>\$118.7</u></b>	<b><u>\$111.9</u></b>	<b><u>(6%)</u></b>
<b>PTPP<sup>(3)</sup></b>	<b>\$81.9</b>	<b>\$81.4</b>	<b>(1%)</b>
<u>Provision/(Credit)</u>	(\$10.0)	<u>(\$6.4)</u>	<u>NM</u>
<b>Pre-Tax Income</b>	<b>\$91.9</b>	<b>\$87.8</b>	<b>(5%)</b>
Efficiency Ratio <sup>(4)</sup>	59%	58%	1 pt

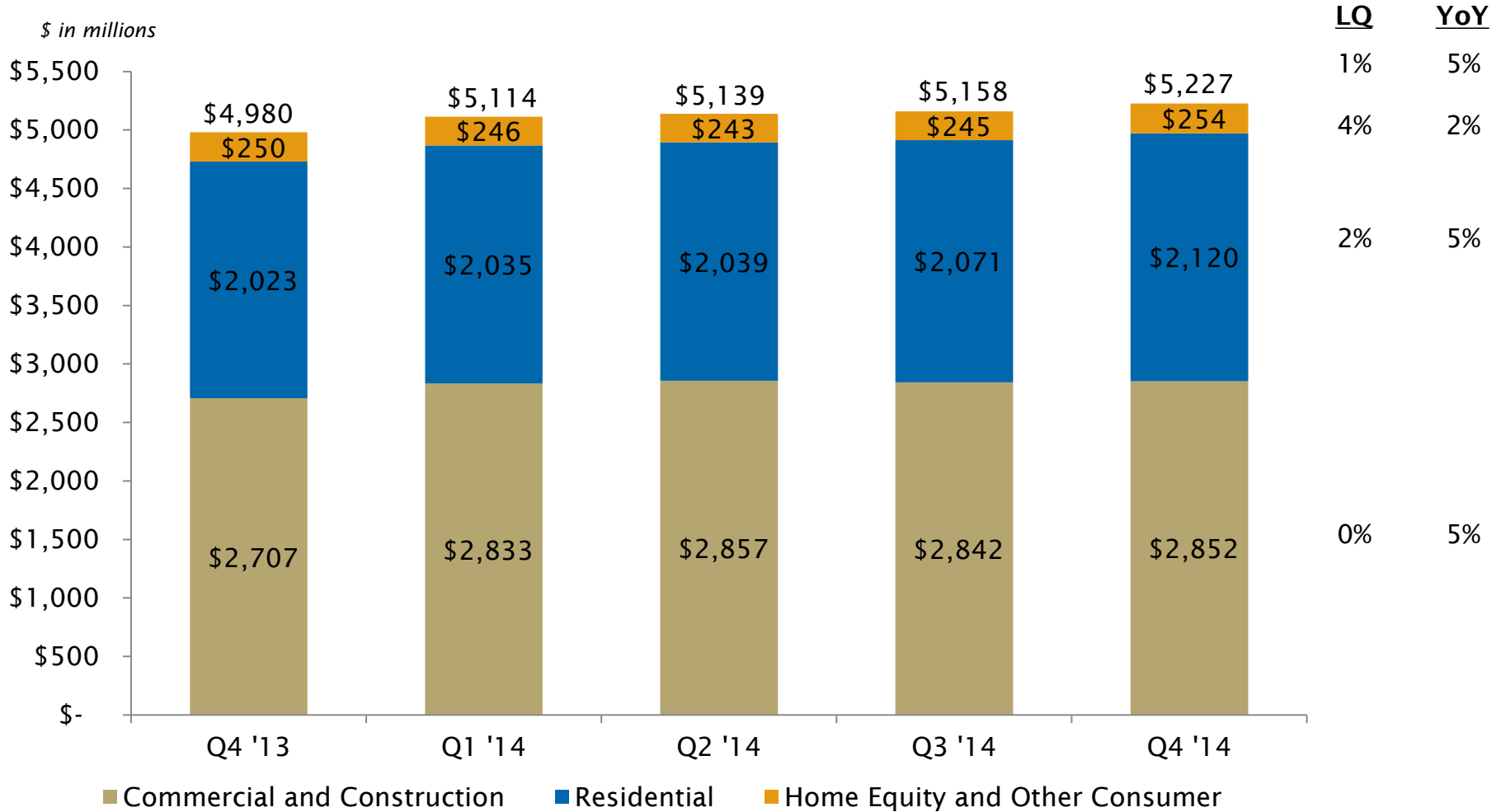
1. Includes Bank WM&T fees, other private banking fees and gain on sale of loans

2. Includes gain on sale of investments, Gain on sale of Pacific Northwest offices, OREO and other

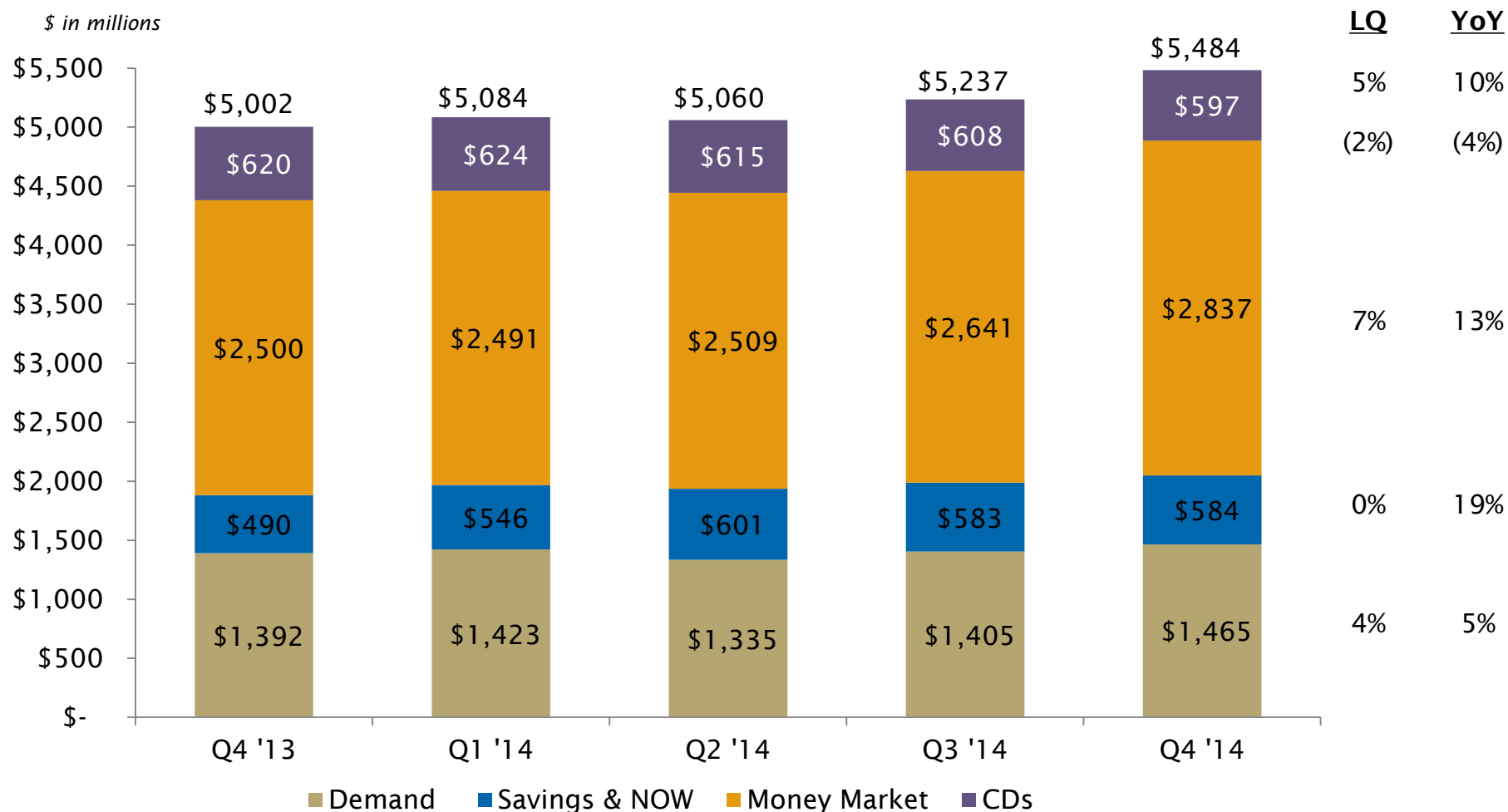
3. Pre-tax, pre-provision income

4. Excludes amortization of intangibles; FTE basis

# Average Loans By Type: Quarterly Trend



# Average Deposits: Quarterly Trend



# Boston Private Wealth Management<sup>(1)</sup>

## Performance Highlights – Linked Quarter

<i>(\$millions)</i>	Q3 2014	Q4 2014
Revenue	\$7.3	\$13.3
<u>Operating Expenses</u>	<u>\$5.6</u>	<u>\$12.8</u>
<b>Pre-Tax Income</b>	<b>\$1.6</b>	<b>\$0.5</b>
Deal-Related One-Time Items	--	\$0.8
<b>Adjusted Pre-Tax Income</b>	<b>\$1.6</b>	<b>\$1.3</b>
Depreciation & Amortization	\$0.0	\$0.9
<b>Adjusted EBITDA</b>	<b>\$1.6</b>	<b>\$2.3</b>
Adjusted EBITDA Margin	22%	17%
AUM (\$B)	\$4.7	\$9.3
Net Flows (\$M)	\$14	\$51

1. New segment includes legacy Boston Private Bank Wealth Management & Trust and Banyan Partners

# Investment Management<sup>(1)</sup>

## Performance Highlights – Linked Quarter

<i>(\$millions)</i>	Q4 2013	Q3 2014	Q4 2014	LQ % Change	YoY % Change
Inv Mgt Fees	\$12.4	\$12.0	\$11.9	(1%)	(4%)
<b>Total Revenue</b>	<b>\$12.4</b>	<b>\$12.0</b>	<b>\$11.9</b>	<b>(1%)</b>	<b>(4%)</b>
<u>Operating Expenses</u>	<u>\$8.8</u>	<u>\$8.9</u>	<u>\$8.5</u>	<u>(4%)</u>	<u>(3%)</u>
<b>Pre-Tax Income from Continuing Operations</b>	<b>\$3.6</b>	<b>\$3.1</b>	<b>\$3.4</b>	<b>7%</b>	<b>(7%)</b>
EBITDA Margin	36%	33%	35%	2 pts	(1 pt)
Pre-tax Margin	29%	26%	28%	2 pts	(1 pt)
AUM (\$B)	\$10.4	\$10.4	\$10.8	4%	4%
Net Flows (\$M)	(\$38)	(\$265)	(\$258)	NM	NM

1. Segment includes Anchor and DGHM

# Investment Management<sup>(1)</sup>

## Performance Highlights – FY 2014

<i>(\$millions)</i>	FY 2013	FY 2014	YoY % Change
Inv Mgt Fees	\$43.8	\$47.1	7%
<b>Total Revenue</b>	<b>\$43.8</b>	<b>\$47.1</b>	<b>7%</b>
<u>Operating Expenses</u>	<u>\$33.2</u>	<u>\$34.8</u>	<u>5%</u>
<b>Pre-Tax Income from Continuing Operations</b>	<b>\$10.7</b>	<b>\$12.3</b>	<b>15%</b>
EBITDA Margin	32%	33%	1 pt
Pre-tax Margin	24%	26%	2 pts
AUM (\$B)	\$10.4	\$10.8	4%
Net Flows (\$M)	(\$265)	(\$700)	NM

1. Segment includes Anchor and DGHM



# Wealth Advisory<sup>(1)</sup>

## Performance Highlights – Linked Quarter

<i>(\$millions)</i>	Q4 2013	Q3 2014	Q4 2014	LQ % Change	YoY % Change
Wealth Adv Fees	\$11.3	\$12.2	\$12.5	2%	11%
<b>Total Revenue</b>	<b>\$11.3</b>	<b>\$12.2</b>	<b>\$12.5</b>	<b>2%</b>	<b>11%</b>
<u>Operating Expenses</u>	<u>\$7.8</u>	<u>\$8.4</u>	<u>\$8.9</u>	<u>7%</u>	<u>15%</u>
<b>Pre-Tax Income from Continuing Operations</b>	<b>\$3.5</b>	<b>\$3.8</b>	<b>\$3.6</b>	<b>(7%)</b>	<b>2%</b>
EBITDA Margin	34%	34%	32%	(2 pts)	(3 pts)
Pre-tax Margin	31%	31%	29%	(2 pts)	(2 pts)
AUM (\$B)	\$9.3	\$9.7	\$9.9	2%	6%
Net Flows (\$M)	\$68	\$40	\$51	NM	NM

1. Segment includes KLS and BOS

# Wealth Advisory<sup>(1)</sup>

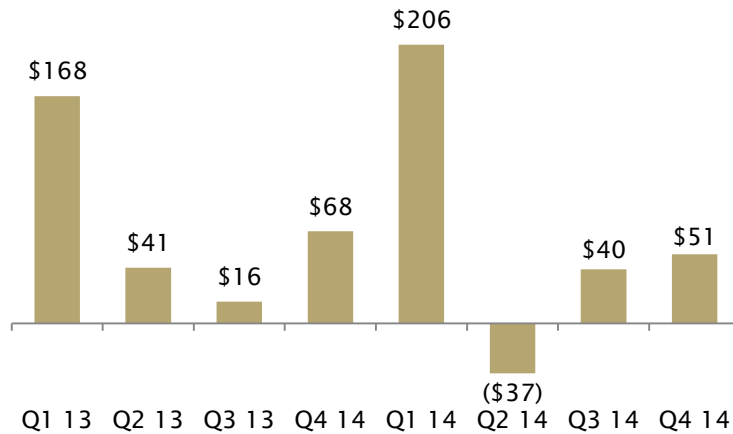
## Performance Highlights – Full Year

<i>(\$millions)</i>	FY 2013	FY 2014	YoY % Change
Wealth Adv Fees	\$42.4	\$48.2	14%
<b>Total Revenue</b>	<b>\$42.4</b>	<b>\$48.2</b>	<b>14%</b>
<u>Operating Expenses</u>	<u>\$29.6</u>	<u>\$33.2</u>	<u>12%</u>
<b>Pre-Tax Income from Continuing Operations</b>	<b>\$12.8</b>	<b>\$15.0</b>	<b>17%</b>
EBITDA Margin	33%	34%	1 pt
Pre-tax Margin	30%	31%	1 pt
AUM (\$B)	\$9.3	\$9.9	6%
Net Flows (\$M)	\$293	\$261	NM

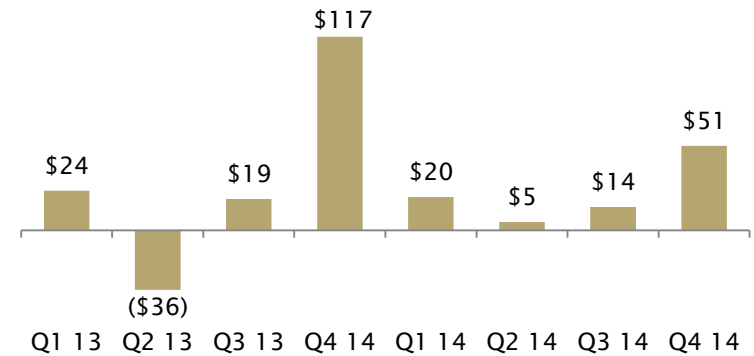
1. Segment includes KLS and BOS

# AUM Net Flows

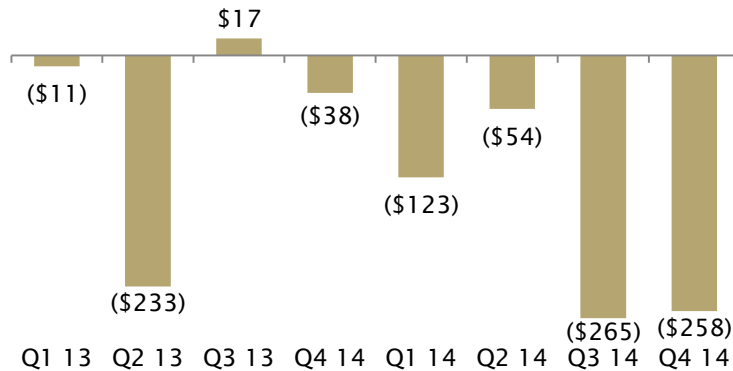
## Wealth Advisors



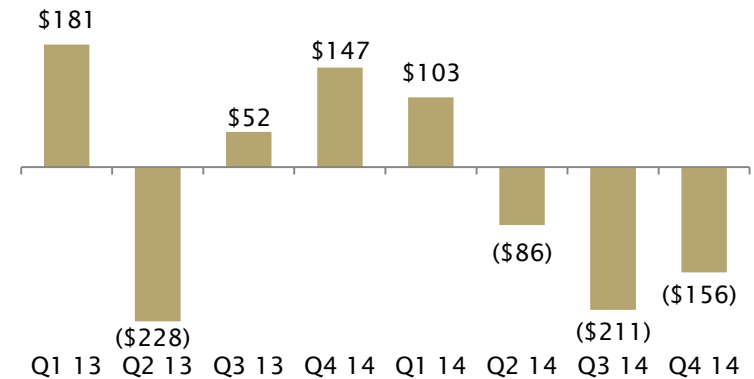
## Private Bank



## Investment Managers



## Consolidated



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