

# Fourth Quarter and Year End 2015 Results

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BOSTON PRIVATE

# Forward Looking Statements

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*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; 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 statement is made.*

# Consolidated Performance Metrics

(\$ in millions except per share data)

	4Q15	3Q15	4Q14
Return on Average Common Equity	8.0%	7.3%	6.9%
Return on Average Tangible Common Equity	11.9%	10.9%	10.6%
Core Fee Income Ratio	43%	46%	47%
Efficiency Ratio (FTE)	71.6% <sup>1</sup>	66%	71%
Tier 1 Common Equity Ratio	9.8% <sup>2</sup>	9.7%	9.2%
Total AUM	\$27,595	\$27,406	\$29,907
Diluted EPS	\$0.17	\$0.16	\$0.13

Notes:

(1) Excludes restructuring

(2) Estimated

# Consolidated Income Statement

(\$ in millions)				% Change	
	4Q15	3Q15	4Q14	LQ	Y/Y
Net Interest Income	\$48.1	\$46.5	\$44.1	4%	9%
Core Fees	37.1	39.4	39.6	(6%)	(6%)
Total Other Income	0.6	0.0	0.3	NMF	NMF
<b>Total Revenue</b>	<b>\$85.9</b>	<b>\$85.9</b>	<b>\$84.1</b>	<b>(0%)</b>	<b>2%</b>
<b>Operating Expenses</b>	<b>\$67.4</b>	<b>\$61.9</b>	<b>\$63.8</b>	<b>9%</b>	<b>6%</b>
<b>Pre-tax Pre-Provision Income</b>	<b>\$18.5</b>	<b>\$24.0</b>	<b>\$20.3</b>	<b>(23%)</b>	<b>(9%)</b>
Provision Expense / (Credit)	(1.7)	2.6	2.4	NMF	NMF
<b>Pre-tax Income from Continuing Operations</b>	<b>\$20.1</b>	<b>\$21.4</b>	<b>\$17.9</b>	<b>(6%)</b>	<b>12%</b>
Taxes	5.6	8.2	5.9	(31%)	(4%)
Discontinued Operations	1.5	1.3	1.5	11%	(4%)
NCI	0.9	1.0	1.3	(7%)	(30%)
<b>Net Income</b>	<b>\$15.0</b>	<b>\$13.5</b>	<b>\$12.2</b>	<b>11%</b>	<b>23%</b>

## Comments

- Core Fees decreased 6% year-over-year due to lower AUM at Boston Private Wealth and the Investment Management segment
- Effective tax rate was 28% in the 4Q15 and reflects changes to executive compensation

# Consolidated Expense Trends

(\$ in millions)	% Change				
	4Q15	3Q15	4Q14	LQ	Y/Y
Operating Expenses:					
Salaries and employee benefits	\$39.5	\$37.9	\$39.9	4%	(1%)
Occupancy and equipment	10.0	9.1	8.5	10%	17%
Professional services	3.8	2.8	3.3	33%	14%
Marketing and business development	4.0	2.0	2.4	99%	65%
Contract services and data processing	1.5	1.6	1.5	(6%)	(1%)
Amortization of intangibles	1.8	1.7	1.7	9%	5%
FDIC insurance	1.1	0.9	0.9	19%	28%
Restructuring	2.0	1.5	0.7	33%	NMF
Other	3.7	4.4	4.8	(15%)	(22%)
<b>Total Operating Expenses</b>	<b>\$67.4</b>	<b>\$61.9</b>	<b>\$63.8</b>	<b>9%</b>	<b>6%</b>

## Comments

- Compensation and Benefits increased 4% linked quarter as 3Q15 included one-time adjustments to decrease equity based performance compensation
- Marketing expense increased \$2 million linked quarter and reflects the timing of marketing campaigns at Boston Private
- Professional fees increased 33% or \$1 million linked quarter driven by higher legal fees
- The Company recorded a restructuring charge of \$2.0 million in 4Q15 related to actions at Boston Private Wealth

# Consolidated Income Statement – Full Year

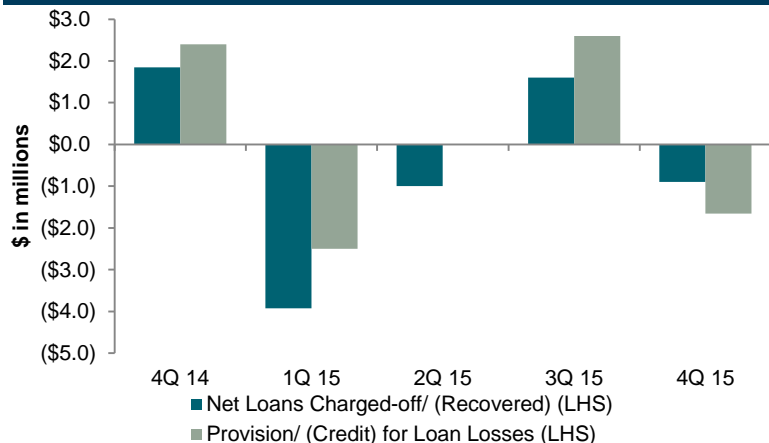
(\$ in millions)			% Change
	FY 2015	FY 2014	YY
Net Interest Income	\$185.8	\$179.7	3%
Core Fees	157.1	139.0	13%
Total Other Income	4.1	1.8	NMF
<b>Total Revenue</b>	<b>\$346.9</b>	<b>\$320.5</b>	<b>8%</b>
<b>Operating Expenses</b>	<b>\$255.2</b>	<b>\$227.1</b>	<b>12%</b>
<b>Pre-tax Pre-Provision Income</b>	<b>\$91.8</b>	<b>\$93.4</b>	<b>(2%)</b>
Provision Expense / (Credit)	(1.6)	(6.4)	NMF
<b>Pre-tax Income from Continuing Operations</b>	<b>\$93.3</b>	<b>\$99.8</b>	<b>(6%)</b>
Taxes	30.4	32.4	(6%)
Discontinued Operations	6.4	6.2	4%
NCI	4.4	4.8	(7%)
<b>Net Income</b>	<b>\$64.9</b>	<b>\$68.8</b>	<b>(6%)</b>

## Comments

- Total Revenue increased 8% from 2014
  - Net Interest Income increased 3%, reflecting Average Earning Asset growth of 7%, partially offset by NIM compression of 6 basis points
  - Core Fees Increased 13% to \$157 million in 2015 driven largely by the acquisition of Banyan Partners, along with higher revenue from the Wealth Advisors and higher Banking fees.
- Operating expenses increased 12% or \$28 million to \$255 million
  - Step-up in expenses is largely attributable to the Banyan acquisition

# Asset Quality

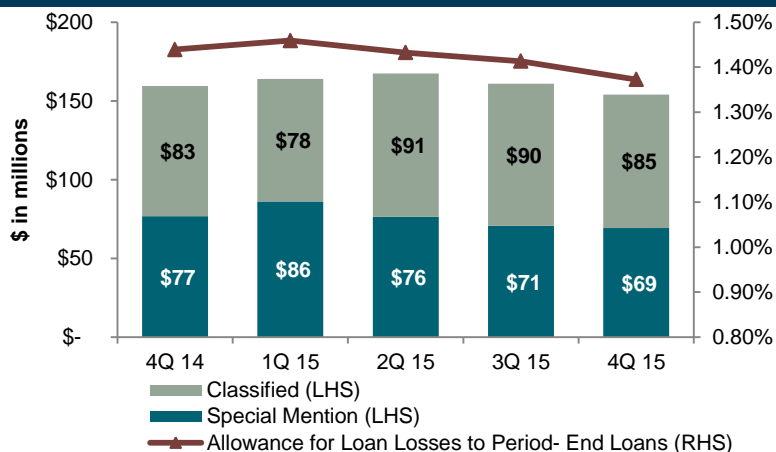
## Net-Chargeoffs & Provision for Loan Losses



## Comments

- Our provision for loan loss continues to closely track our quarterly Net-Charge Offs / Net-Recoveries
- The Company recorded a provision credit of \$1.7 million in 4Q15 due to net recoveries of \$900 thousand and a reduction in criticized and classified loans, partially offset by loan growth

## Criticized Loans & Allowance for Loan Losses



- Total Criticized Loans decreased 3% year-over-year to \$154 million
- Allowance for Loan Loss as a percent of Total Loans finished the quarter at 1.37%

# Private Bank Performance Highlights

(\$ in millions)				% Change	
	4Q15	3Q15	4Q14	LQ	Y/Y
Net Interest Income	\$49.1	\$47.4	\$45.1	4%	9%
Core Fees	1.9	3.1	2.0	(40%)	(7%)
Total Other Income	0.5	(0.4)	0.1	NMF	NMF
<b>Total Revenue</b>	<b>\$51.5</b>	<b>\$50.1</b>	<b>\$47.2</b>	<b>3%</b>	<b>9%</b>
<b>Operating Expenses</b>	<b>\$32.1</b>	<b>\$27.4</b>	<b>\$29.2</b>	<b>17%</b>	<b>10%</b>
<b>Pre-tax Pre-Provision Income</b>	<b>\$19.4</b>	<b>\$22.7</b>	<b>\$18.0</b>	<b>(15%)</b>	<b>8%</b>
Provision Expense / (Credit)	(1.7)	2.6	2.4	NMF	NMF
<b>Pre-tax Income from Continuing Operations</b>	<b>\$21.1</b>	<b>\$20.1</b>	<b>\$15.6</b>	<b>5%</b>	<b>35%</b>
Taxes	6.9	6.3	4.5	10%	53%
<b>Net Income</b>	<b>\$14.1</b>	<b>\$13.8</b>	<b>\$11.1</b>	<b>2%</b>	<b>27%</b>

## Comments

- Net Interest Income increased 4% linked quarter and 9% year-over-year
- Core Fees decreased 40% linked quarter due to lower swap fees
- Operating Expenses increased 17% linked quarter reflecting higher incentive compensation and seasonally high marketing expense

## Key Statistics

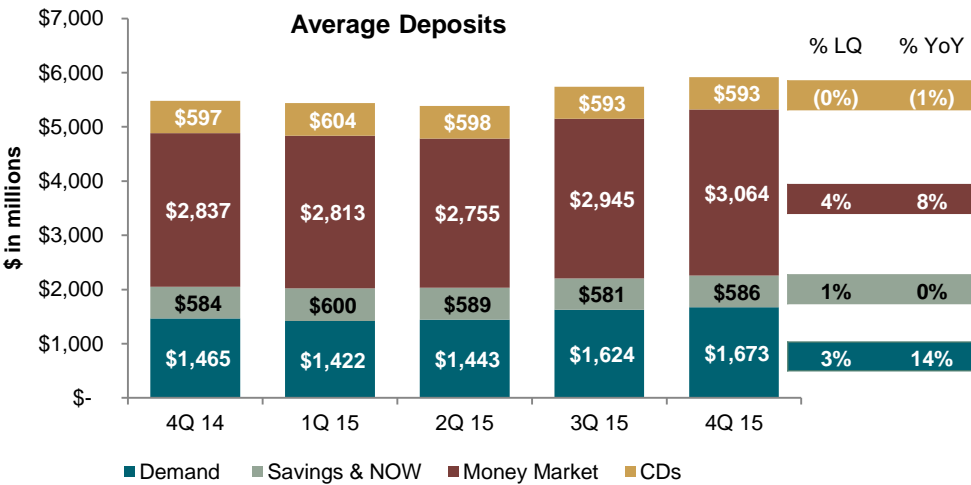
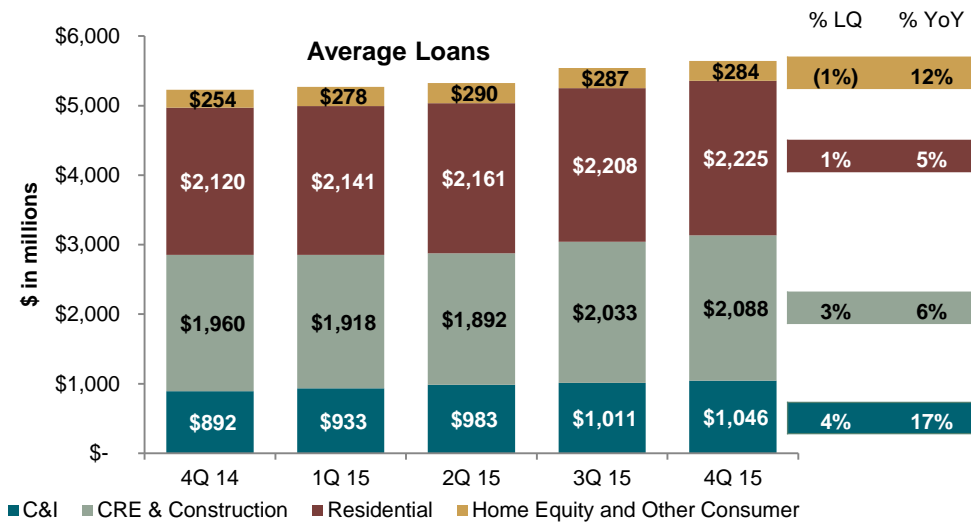
	4Q15	3Q15	4Q14
Efficiency Ratio (FTE)	58%	52%	59%
Net Interest Margin	2.94%	2.91%	2.90%
Average Loan-to-Deposits Ratio <sup>1</sup>	94%	95%	94%

Notes:

(1) Reflects bank subsidiary only.



# Balance Sheet Highlights



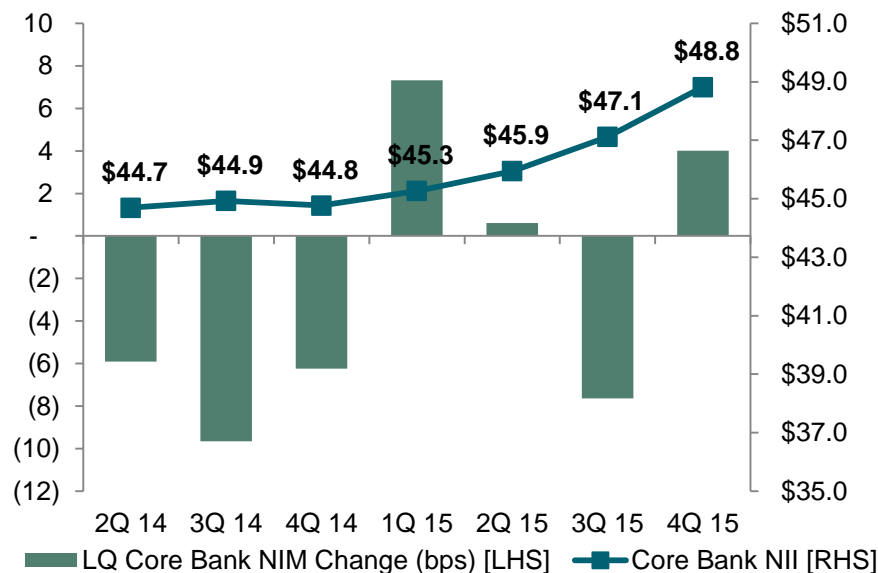
## Comments

- Total Average Loans increased 8% year-over-year, led by C&I (+17%) and CRE and Construction (+6%) and Residential (+5%)
- Total Average Deposits increased 8% year-over-year to \$5.9 billion
- Demand (+14%) and Money Market (+8%) both posted strong year-over-year growth
- CDs continue to trend lower, down 1% year-over-year
- Deposit growth has been strong across East Coast and West Coast markets



# Net Interest Margin

## Core Bank NIM vs. Core Bank NII (\$ in mm)



## Comments

- Excluding interest recovered on previous non-accrual loans, Bank Net Interest Income has increased sequentially four straight quarters
- Cash and Investments yield increased yields on Mortgage Backed Securities and Taxable Municipal securities
- Loan yields were flat-to-higher across all major loan categories sequentially
- Cost of Funds, including DDA, was flat linked quarter and down two basis points year-over-year

## Bank Yield/ Cost

	4Q 14	1Q 15	2Q 15	3Q 15	4Q 15
Cash and Investments	1.45%	1.83%	1.98%	1.89%	1.97%
Loans	3.71%	3.80%	3.63%	3.58%	3.62%
Interest-Bearing Deposits	0.38%	0.39%	0.39%	0.38%	0.40%
Total Interest-Bearing Liabilities	0.53%	0.52%	0.51%	0.51%	0.52%
Cost of Funds Including DDA	0.40%	0.40%	0.39%	0.38%	0.38%
<b>Net Interest Margin (FTE)</b>	<b>2.90%</b>	<b>3.07%</b>	<b>2.97%</b>	<b>2.91%</b>	<b>2.94%</b>
<b>Core Net Interest Margin (FTE)</b>	<b>2.89%</b>	<b>2.96%</b>	<b>2.97%</b>	<b>2.89%</b>	<b>2.93%</b>

# Boston Private Wealth Performance Highlights

(\$ in millions)				% Change	
	4Q15	3Q15	4Q14	LQ	Y/Y
<b>Total Revenue</b>	<b>\$11.8</b>	<b>\$12.9</b>	<b>\$13.3</b>	<b>(9%)</b>	<b>(12%)</b>
<b>Operating Expenses</b>	<b>\$15.1</b>	<b>\$14.3</b>	<b>\$12.8</b>	<b>5%</b>	<b>18%</b>
<b>Pre-tax Income from Continuing Operations</b>	<b>(\$3.3)</b>	<b>(\$1.4)</b>	<b>\$0.5</b>	<b>NMF</b>	<b>NMF</b>
Taxes	(1.3)	(0.5)	0.3	NMF	NMF
<b>Net Income</b>	<b>(\$2.0)</b>	<b>(\$0.8)</b>	<b>\$0.3</b>	<b>NMF</b>	<b>NMF</b>
<b>Memo:</b>					
Pre-tax Income from Continuing Operations	(\$3.3)	(\$1.4)	\$0.5	NMF	NMF
Depreciation & Amortization	0.8	0.8	0.9	(2%)	(6%)
<b>EBITDA</b>	<b>(\$2.5)</b>	<b>(\$0.5)</b>	<b>\$1.4</b>	<b>NMF</b>	<b>NMF</b>
<i>Unusual Items:</i>					
Add back: Operational Loss	-	0.2	-		
Add back: Restructuring	2.0	1.5	0.7		
Less: Earn-out Liability	-	(0.5)	-		
<b>Adjusted EBITDA</b>	<b>(\$0.5)</b>	<b>\$0.7</b>	<b>\$2.1</b>	<b>NMF</b>	<b>NMF</b>

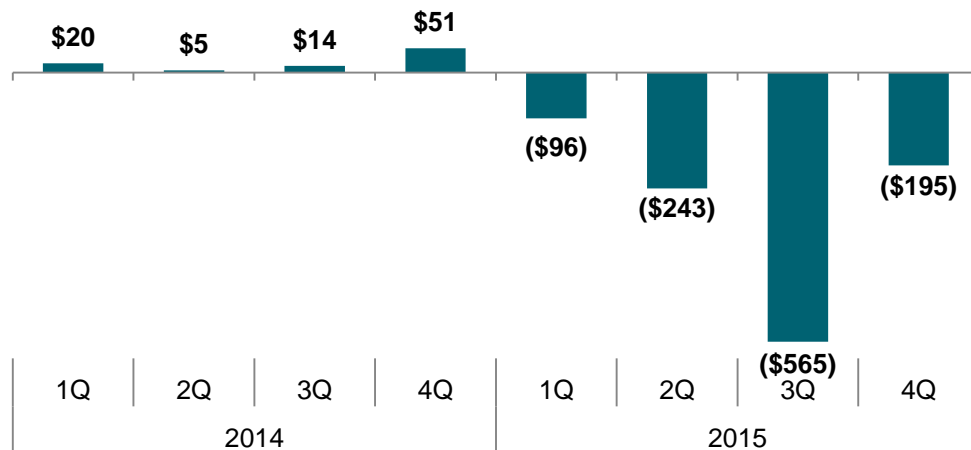
<b>Key Statistics</b>			
	4Q15	3Q15	4Q14
Net Flows (\$ in mm)	(\$195)	(\$565)	\$51
Total AUM (\$ in mm)	\$7,976	\$8,060	\$9,274
Reported EBITDA Margin	-21%	-4%	10%
Adjusted EBITDA Margin	-4%	5%	16%

## Comments

- 3Q15 Total Revenue includes a market value adjustment for the Banyan Partners earn out of \$500 thousand, excluding this adjustment Total Revenue decreased 5% linked quarter due to lower AUM
- Excluding restructuring charges, Operating Expenses increased 2% linked quarter due to higher legal fees and higher occupancy expense
- Benefits of 4Q15 restructuring yield an expected pre-tax operating income margin of 10-15%

# Boston Private Wealth Flows

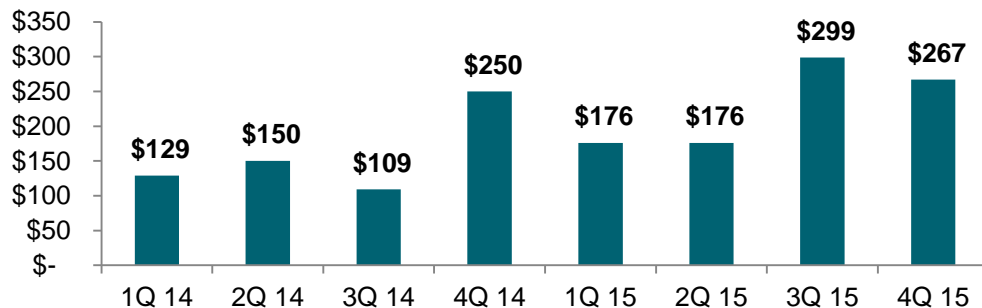
## BPW Net Flows (\$ in millions)



## Comments

- Net Flows have improved sequentially due to lower levels of client attrition
- New business generation has been robust in the second half of the year post integration

## BPW New Business 8 Quarter Trend (\$ in millions)



# Wealth Advisory Performance Highlights

(\$ in millions)

	4Q15	3Q15	4Q14	% Change	
				LQ	Y/Y
<b>Total Revenue</b>	<b>\$12.6</b>	<b>\$12.5</b>	<b>\$12.5</b>	0%	1%
<b>Operating Expenses</b>	<b>\$8.2</b>	<b>\$9.3</b>	<b>\$8.9</b>	(12%)	(8%)
<b>Pre-tax Income from Continuing Operations</b>	<b>\$4.4</b>	<b>\$3.2</b>	<b>\$3.6</b>	<b>35%</b>	<b>23%</b>
Taxes	1.7	1.3	1.3	36%	34%
NCI	0.5	0.4	0.6	28%	(15%)
<b>Net Income</b>	<b>\$2.1</b>	<b>\$1.6</b>	<b>\$1.7</b>	<b>36%</b>	<b>28%</b>
<b>Memo EBITDA:</b>					
Pre-tax Income from Continuing Operations	\$4.4	\$3.2	\$3.6	35%	23%
Depreciation & Amortization	0.5	0.5	0.5	0%	(4%)
<b>EBITDA</b>	<b>\$4.8</b>	<b>\$3.7</b>	<b>\$4.0</b>	<b>31%</b>	<b>20%</b>

Comments

- Total Revenue increased 1% year-over-year
- Operating Expenses decreased 8% year-over-year and 12% linked quarter due to lower incentive compensation
- 4Q15 segment EBITDA margin was 38%, well-above the corporate target of 30%
- Full year EBITDA margin was 34%

Key Statistics

	4Q15	3Q15	4Q14
Net Flows (\$ in mm)	(\$54)	\$19	\$51
Total AUM (\$ in mm)	\$9,688	\$9,537	\$9,883
EBITDA Margin	38%	30%	32%
Pre-Tax Margin	35%	26%	29%

# Investment Management Performance Highlights

(\$ in millions)				% Change	
	4Q15	3Q15	4Q14	LQ	Y/Y
<b>Total Revenue</b>	<b>\$10.9</b>	<b>\$11.4</b>	<b>\$11.9</b>	(4%)	(9%)
<b>Operating Expenses</b>	<b>\$8.2</b>	<b>\$8.3</b>	<b>\$8.5</b>	(1%)	(4%)
<b>Pre-tax Income from Continuing Operations</b>	<b>\$2.7</b>	<b>\$3.1</b>	<b>\$3.4</b>	<b>(13%)</b>	<b>(20%)</b>
Taxes	0.9	1.0	1.1	(10%)	(17%)
NCI	0.4	0.6	0.7	(31%)	(43%)
<b>Net Income</b>	<b>\$1.4</b>	<b>\$1.5</b>	<b>\$1.5</b>	<b>(7%)</b>	<b>(11%)</b>
<b>Memo EBITDA:</b>					
Pre-tax Income from Continuing Operations	\$2.7	\$3.1	\$3.4	(13%)	(20%)
Depreciation & Amortization	0.8	0.8	0.8	0%	2%
<b>EBITDA</b>	<b>\$3.5</b>	<b>\$3.9</b>	<b>\$4.2</b>	<b>(10%)</b>	<b>(16%)</b>

## Comments

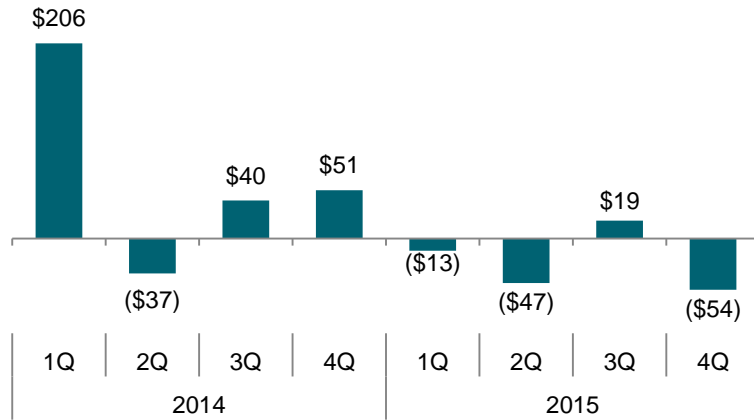
- Total Revenue decreased 9% year-over year and 4% linked quarter due to net outflows and market volatility
- Operating expenses were lower 4% year-over-year representing lower incentive compensation and the retirement of key executives
- Segment EBITDA margin remain above the 30% target

## Key Statistics

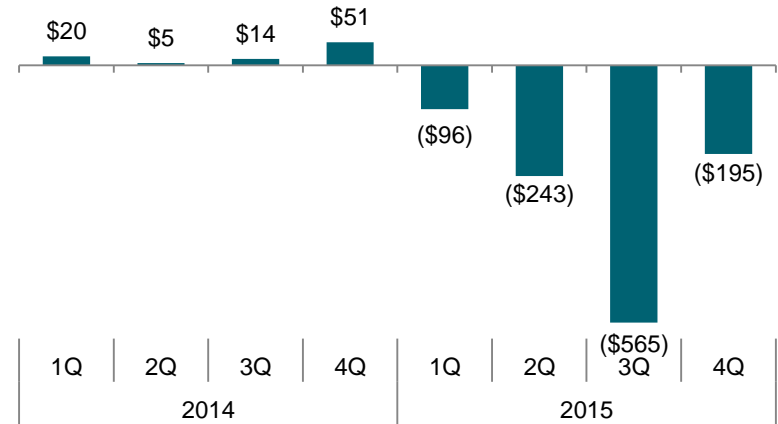
	4Q15	3Q15	4Q14
Net Flows (\$ in mm)	(\$294)	(\$205)	(\$258)
Total AUM (\$ in mm)	\$9,952	\$9,830	\$10,772
EBITDA Margin	32%	34%	35%
Pre-Tax Margin	25%	27%	28%

# Boston Private AUM Net Flows

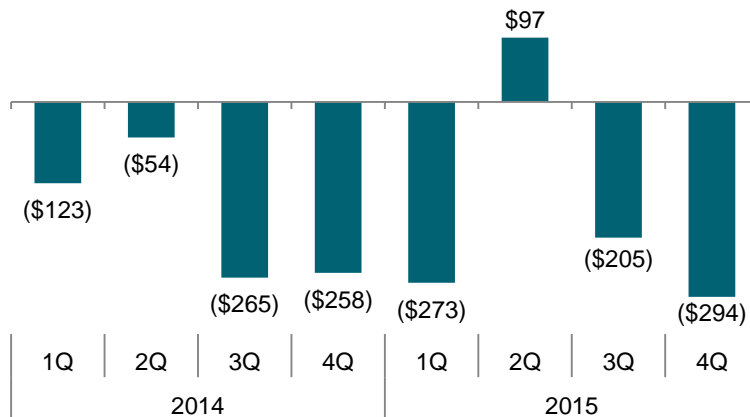
Wealth Advisory (\$ in mm)



Wealth Management & Trust (\$ in mm)



Investment Management (\$ in mm)



Consolidated (\$ in mm)

