

BOSTON PRIVATE

WEALTH ▫ TRUST ▫ PRIVATE BANKING

Investor Presentation

Third Quarter – 2016

Clayton Deutsch
Chief Executive Officer

David Kaye
Chief Financial Officer
Chief Administrative Officer

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Chief Executive Officer
Boston Private Wealth

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; 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.

Agenda

- » Boston Private: An appealing business and economic model
 - Wealth Management
 - Private Banking

- » Our return targets

- » Appendix

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

Wealth Management & Trust

Boston Private Wealth: Boston, Los Angeles, San Francisco, Florida, Wisconsin, Texas, and the Washington D.C. area

- Robust wealth management offering including proprietary fixed income, actively managed equities, asset allocation and trust capabilities
- HNW and select institutional clientele; Bank-driven referrals

PRIVATE BANKING

Residential Mortgage

Boston Private : All Bank markets

- High service jumbo mortgage
- Superior economics

Commercial Lending

Boston Private: All Bank markets

- Commercial lending and related services for private companies, partnerships and non-profit institutions
- Strong cross-sell to Deposit Services and Boston Private Wealth

Deposit Services and Cash Management

Boston Private : All Bank markets

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

Two Distinct Business Models Drive Value

Metric	Wealth Management	Private Bank & HoldCo	BPFH
Q3 2016 annualized earnings ^(1,2)	\$5.0	\$63.8	\$68.8
Q3 2016 annualized EPS contribution	\$0.06	\$0.77	\$0.83
Tangible common equity ⁽²⁾	\$9.6	\$543.8	\$553.4
TBV/share	\$0.12	\$6.54	\$6.65
Capital requirements:	Minimal	Intensive	

Notes:

(1) Net Income after Series D Preferred Dividends.

(2) Dollars in millions.

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

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

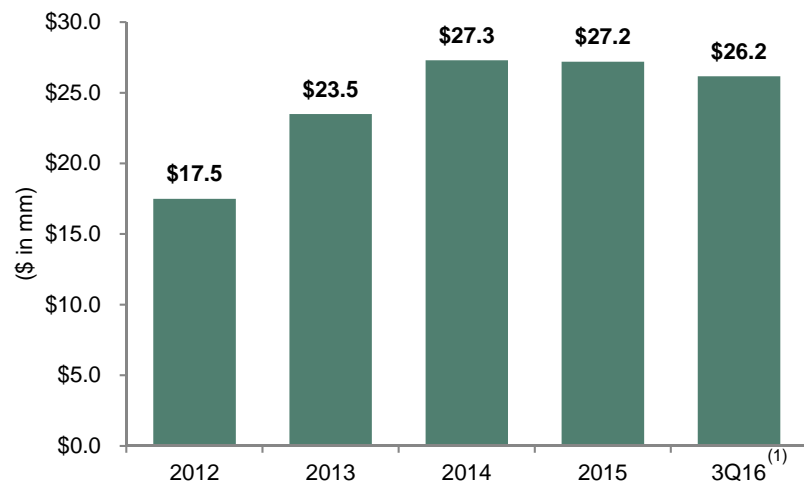
- » **Steady fee-based revenue stream**
 - Wealth Management fees⁽¹⁾ account for 38% of Q3 16 revenue
- » **\$27.5 bn in AUM**
- » **Q3 16 EBITDA margin of 21%**

Notes:

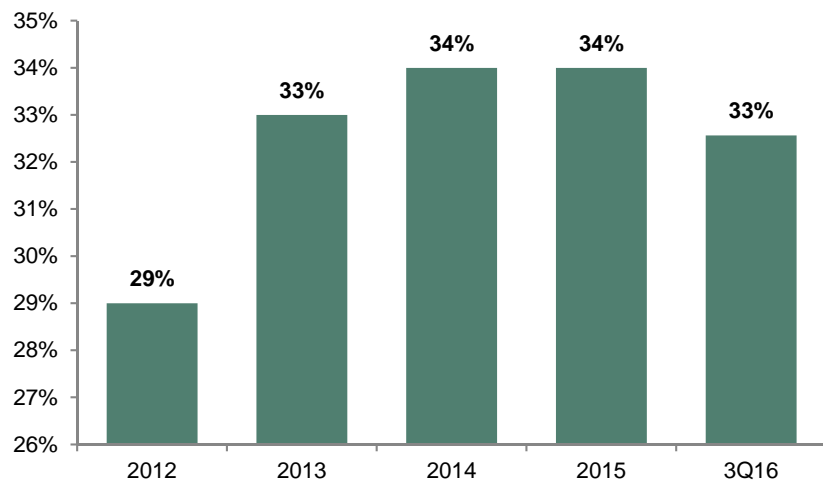
(1) Includes Wealth Advisory Fees, Investment Management Fees, and Wealth Management and Trust Fees

Attractiveness of Fee-Based Revenue Stream

Investment Management and Wealth Advisory Pre-Tax Income



Investment Management and Wealth Advisory EBITDA Margin



Notes:

(1) Annualized

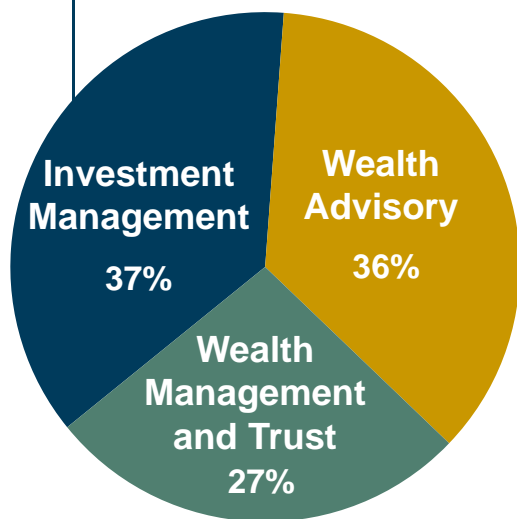
Comments

- » **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

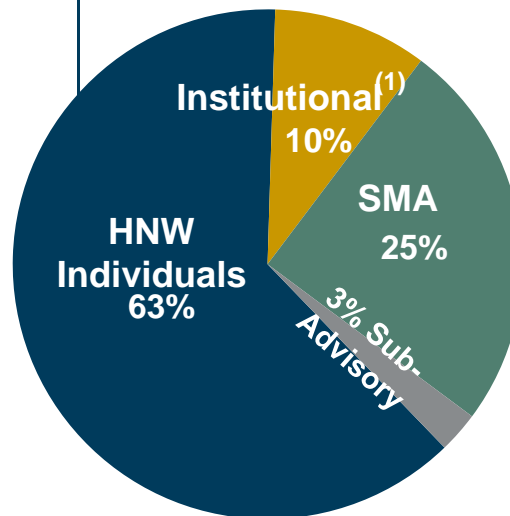
Our Wealth Management Group Platform: A Diverse Portfolio

\$27.5 Billion of AUM

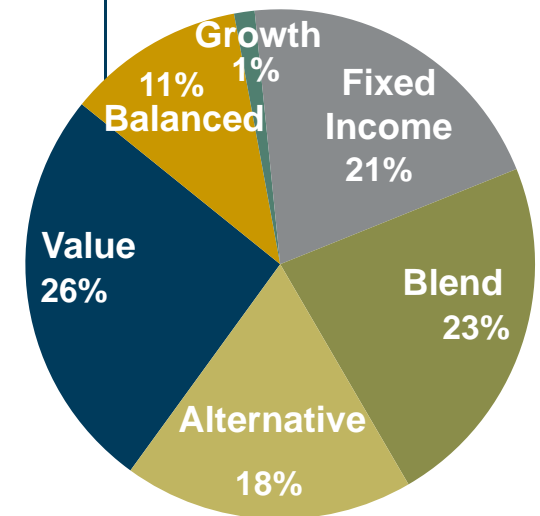
By Source



By Client Type



By Asset Class

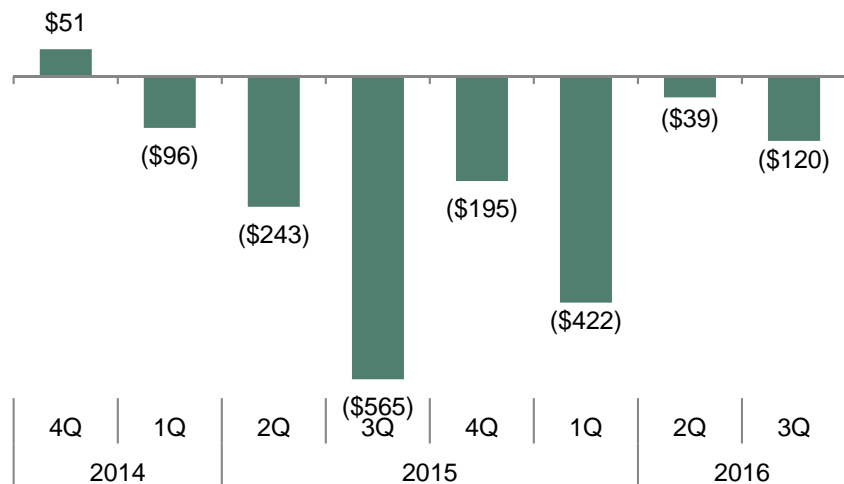


Notes:

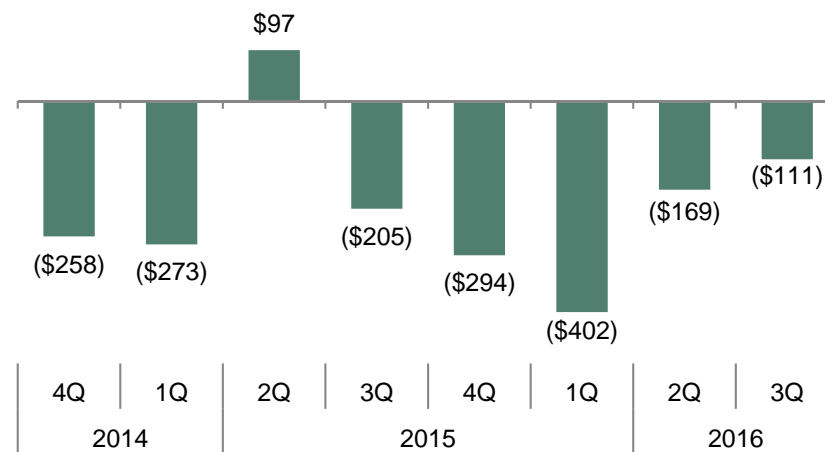
(1) Corporate, ERISA, Foundations/ Endowments, & Public.

Boston Private AUM Net Flows

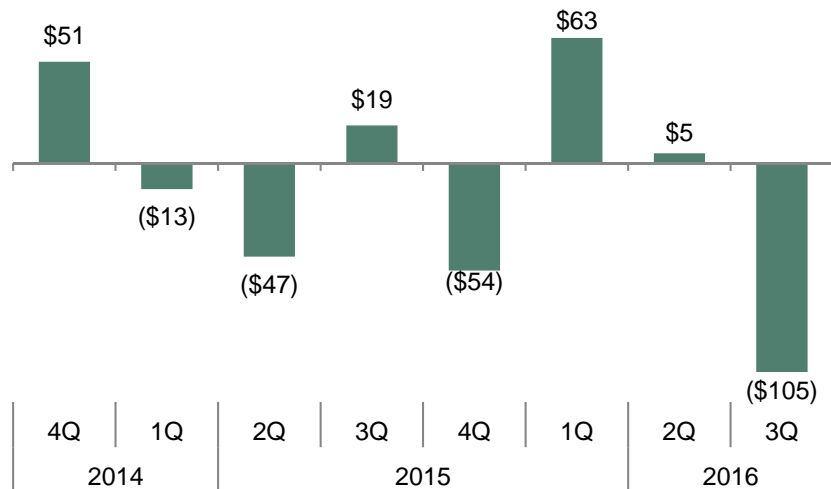
Wealth Management & Trust (\$ in mm)



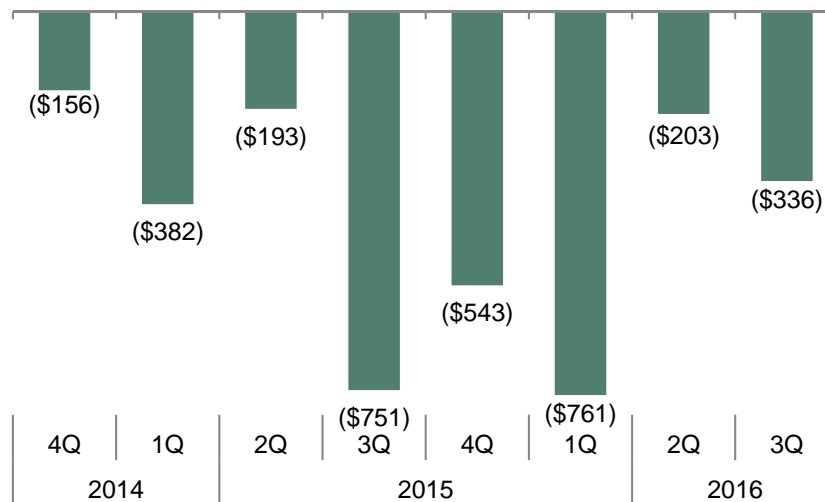
Investment Management (\$ in mm)



Wealth Advisory (\$ in mm)

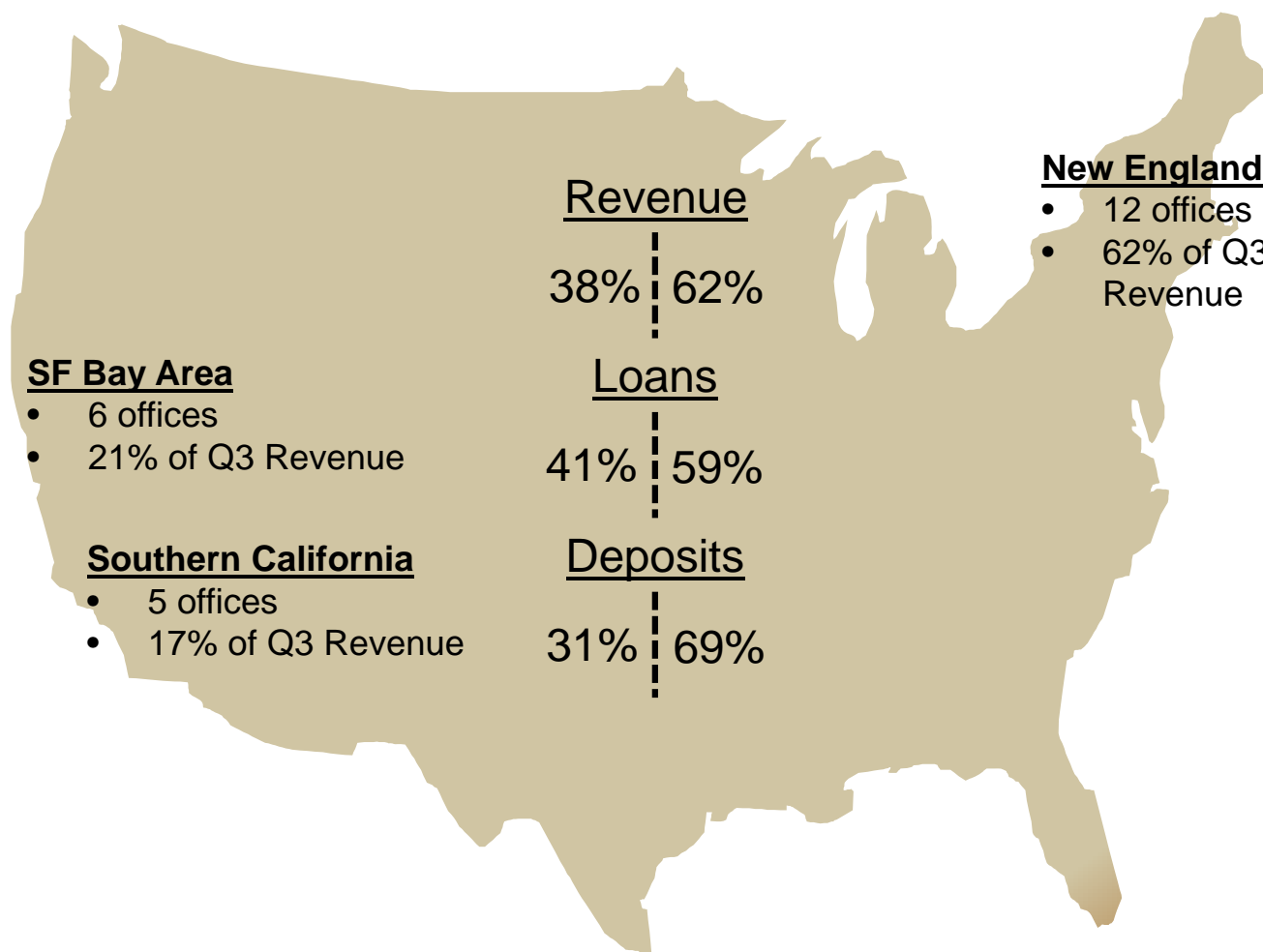


Consolidated (\$ in mm)



Private Banking

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



- » Vision is to be the premier provider of Wealth Management & Trust and Private Banking services
- » Emphasis on core deposit and fee-based revenue growth, supported by growth in commercial and residential lending
- » Expanded leadership team to include West Coast representation
- » Implemented new incentives and cross-sell initiative
- » Full service Beverly Hills Private Banking and Wealth Management office now open

Private Banking

- » Represents 62%⁽¹⁾ of Company revenue
- » \$7.5 bn Private Banking balance sheet
- » \$5.8 bn in loans; \$5.9 bn 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 peers
- » Capital build:
 - Bank-only Tier 1 ratio of 11.74%
- » Bank-only NIM in Q3 16 of 2.92%

Notes:

(1) Excludes Private Bank Wealth Management & Trust Fees.

Boston Private 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

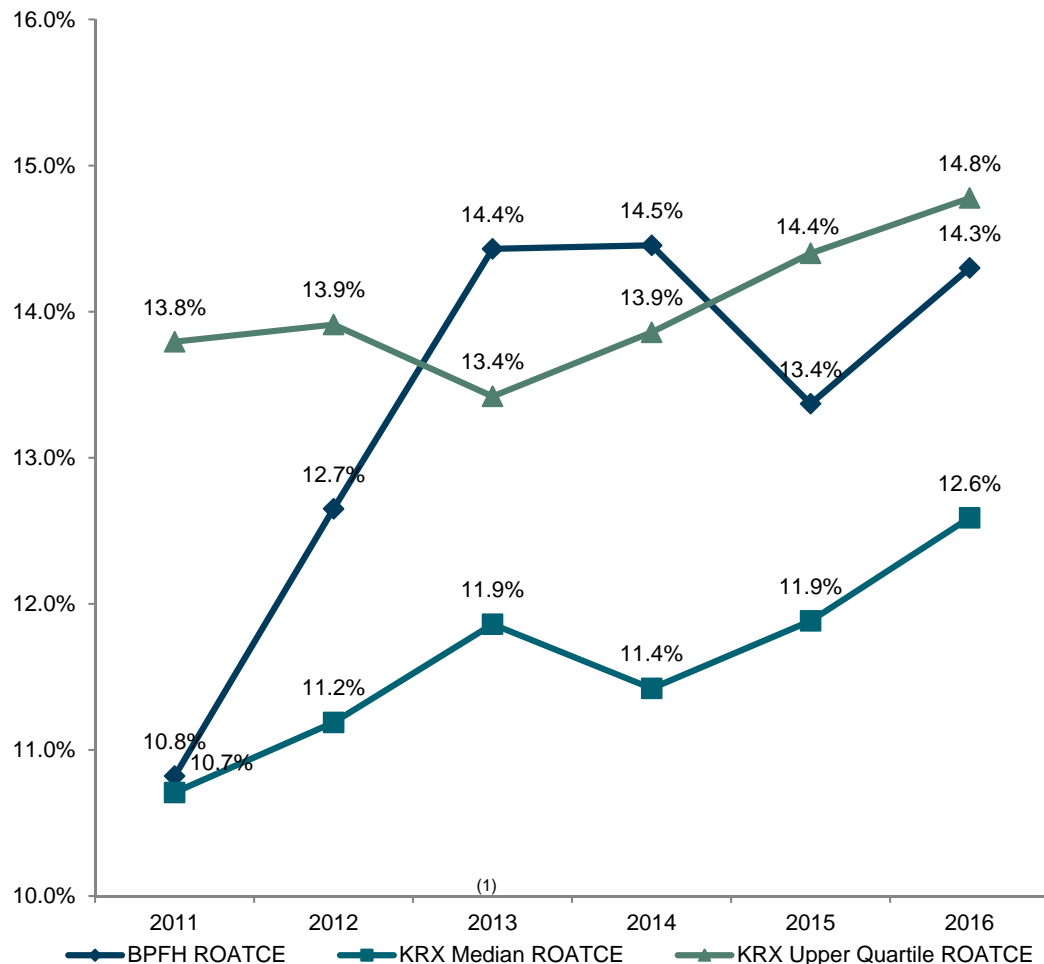
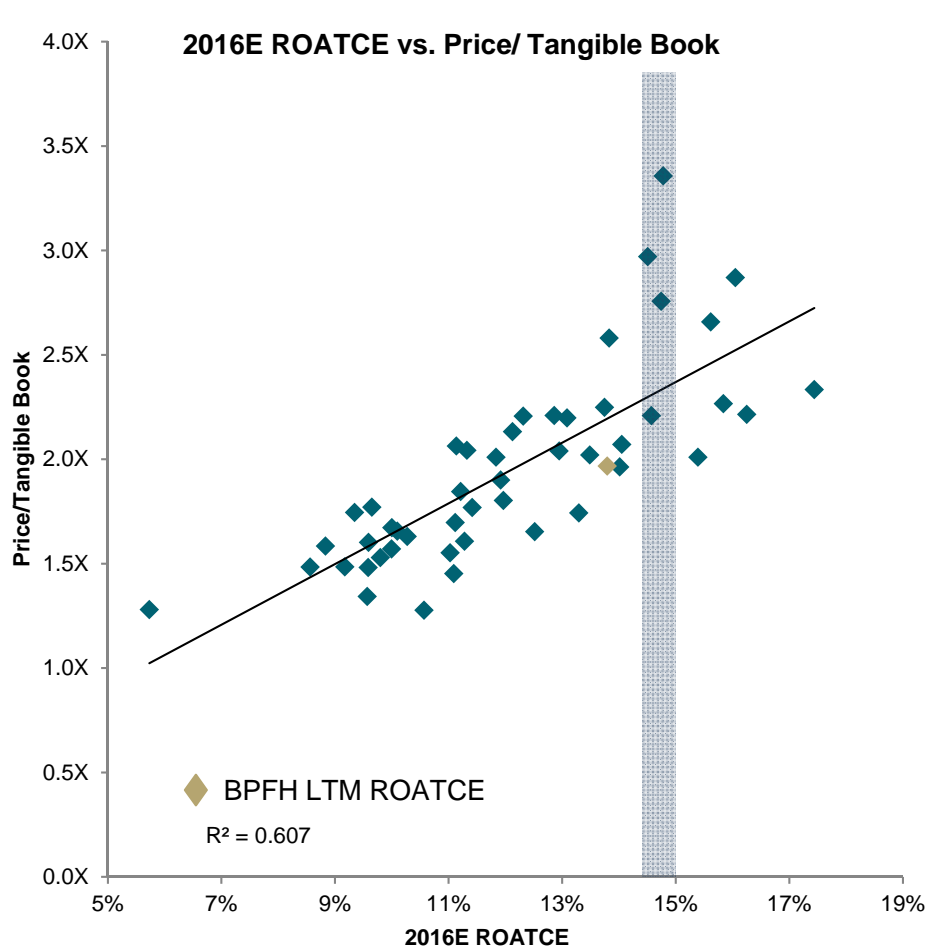
- Venture Capital
- Hedge Funds
- Private Equity
- Real Estate Inv/Dev

Non-Profits

- Educational
- Foundations/Endowments
- Health & Human Services

- » **\$3 - \$30 million of financial assets**
 - “Sweet spot” is \$3 - \$15 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

Our Primary Focus is to Increase ROATCE



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

Notes:

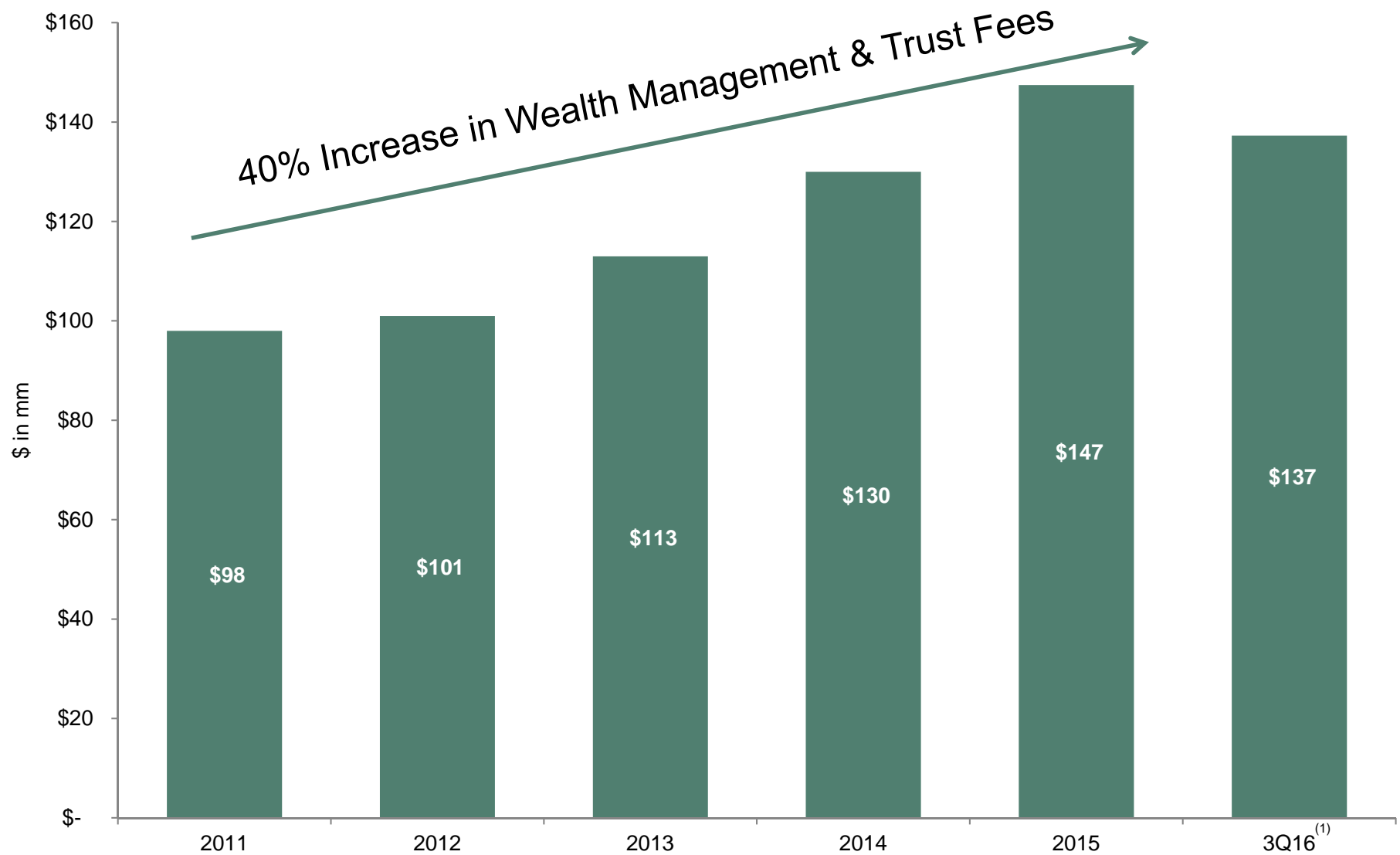
(1) Excludes gain on sale of Pacific Northwest offices.

Data based on KBW Regional Bank Index consensus estimates as of 11/8/16.

Steps to Attain Target Return Levels

1. Expand Wealth Management & Trust activity
2. Drive West Coast client expansion
3. Tightly manage expenses
4. Manage risk and efficiently manage capital

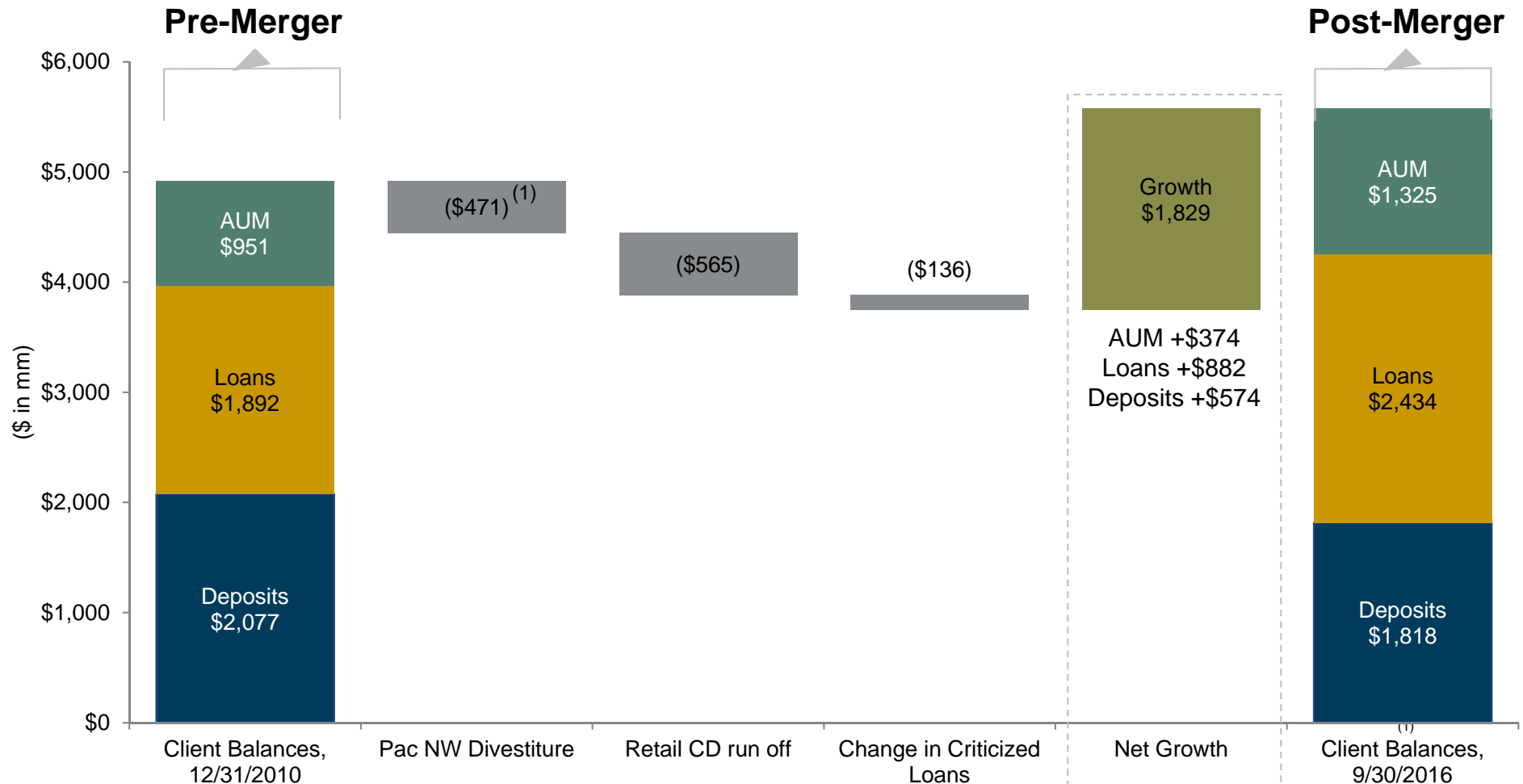
1. Expand Wealth Management & Trust Activity



Notes:
(1) Annualized

2. Drive West Coast Client Expansion

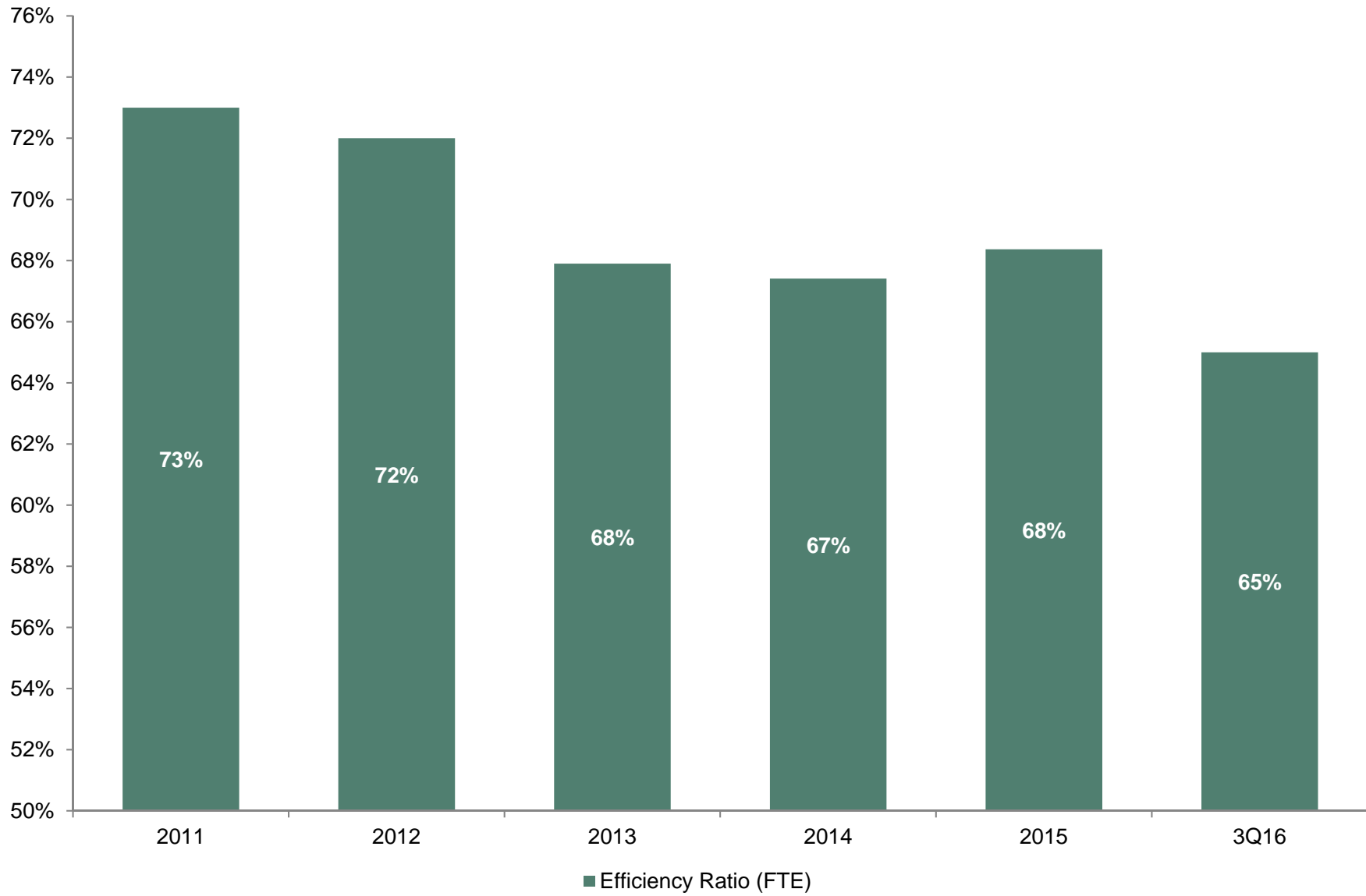
Excluding Purposeful Reduction Initiatives and Banyan Acquisition, Private Bank West Coast Client Balances Growing at 5% CAGR



Notes:

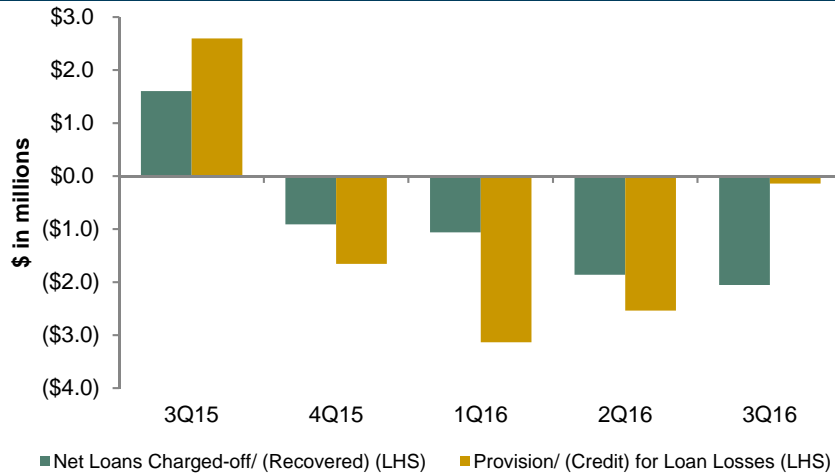
(1) Includes \$203 mm in loans and \$268 mm in deposits as of 12/31/10.

3. Tightly Manage Expenses



4. Manage Risk: Asset Quality

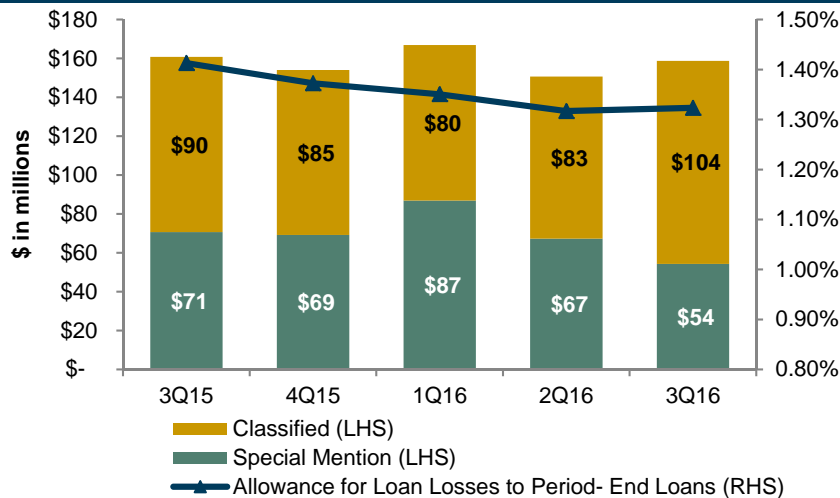
Net Charge-offs & Provision for Loan Losses



Comments

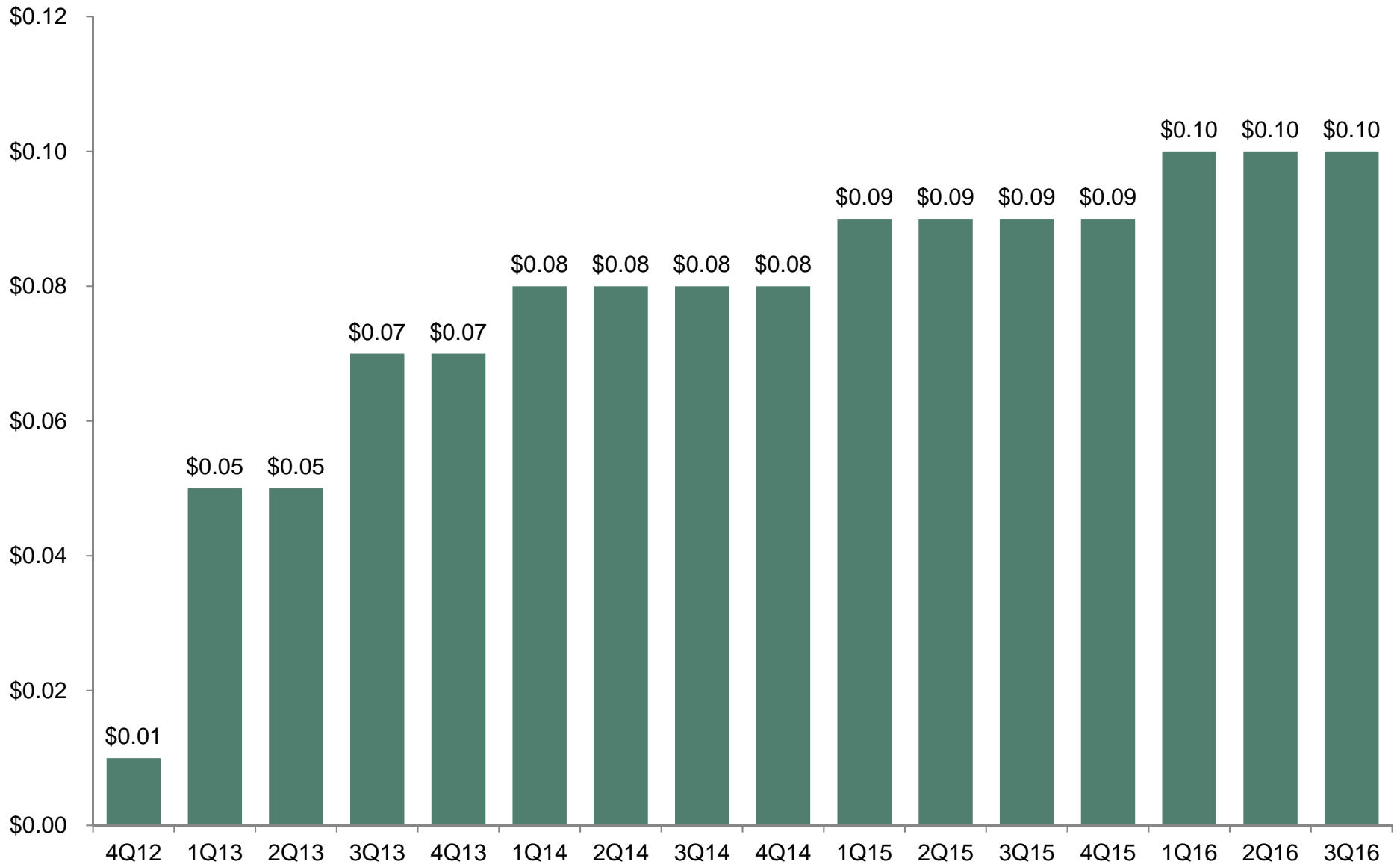
- » Our provision for loan loss continues to track our quarterly Net-Charge-offs / Net-Recoveries
- » The Company recorded a provision credit of \$0.1 million in 3Q16 due to net recoveries and a decrease in loss factors partially offset by an increase in criticized loans and loan growth

Criticized Loans & Allowance for Loan Losses



- » Allowance for Loan Loss as a percent of Total Loans finished the quarter at 1.32%

4. Capital Return Strategy: Dividends



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

APPENDIX

Consolidated Performance Metrics

(\$ in millions except per share data)

	3Q16	2Q16	3Q15
Return on Average Common Equity	10.2%	8.7%	7.3%
Return on Average Tangible Common Equity	14.3%	12.4%	10.9%
Core Fee Income Ratio	42%	44%	46%
Efficiency Ratio (FTE) ¹	65%	70%	66%
Tier 1 Common Equity Ratio	10.0%	10.0%	9.7%
Total AUM	\$27,527	\$27,276	\$27,406
Diluted EPS	\$0.22	\$0.18	\$0.16

Notes:

(1) Excludes restructuring

Consolidated Income Statement

(\$ in millions)	% Change				
	3Q16	2Q16	3Q15	LQ	Y/Y
Net Interest Income	\$49.9	\$49.2	\$46.5	1%	7%
Core Fees	37.9	37.6	39.4	1%	(4%)
Total Other Income	2.1	(0.8)	0.0	NMF	NMF
Total Revenue	\$89.9	\$86.0	\$85.9	5%	5%
Operating Expenses	\$61.7	\$64.7	61.9	(5%)	(0%)
Pre-tax Pre-Provision Income	\$28.2	\$21.2	\$24.0	33%	18%
Provision Expense / (Credit)	(0.1)	(2.5)	2.6	NMF	NMF
Pre-tax Income from Continuing Operations	\$28.4	\$23.8	\$21.4	19%	33%
Taxes	8.7	7.6	8.2	13%	6%
Discontinued Operations	1.0	1.2	1.3	(16%)	(20%)
NCI	1.1	1.0	1.0	12%	12%
Net Income	\$19.6	\$16.4	\$13.5	20%	45%

Comments

- » Total Revenue increased 5% linked quarter driven by increases in Net Interest Income and Total Other Income
- » Total Other Income was positively impacted by a \$1.2 million market value adjustment of derivatives
- » Effective tax rate in 3Q16 was 31% compared to 32% in 2Q16 and 38% in 3Q15

Consolidated Expense Trends

(\$ in millions)	% Change				
	3Q16	2Q16	3Q15	LQ	Y/Y
Operating Expenses:					
Salaries and employee benefits	\$40.9	\$40.6	\$37.9	1%	8%
Occupancy and equipment	9.5	9.9	9.1	(4%)	5%
Professional services	2.3	3.0	2.8	(24%)	(20%)
Marketing and business development	1.6	1.8	2.0	(10%)	(19%)
Contract services and data processing	1.9	1.7	1.6	7%	17%
Amortization of intangibles	1.6	1.6	1.7	(1%)	(5%)
FDIC insurance	0.7	1.0	0.9	(29%)	(21%)
Restructuring	-	0.9	1.5	NMF	NMF
Other	3.2	4.1	4.4	(23%)	(28%)
Total Operating Expenses	\$61.7	\$64.7	\$61.9	(5%)	(0%)

Comments

- » Professional services declined due to decreases in legal and consulting fees
- » Other expense decreased as 2Q16 included one-time expenses related to FHLB debt prepayment costs
- » FDIC insurance premiums declined due to changes to FDIC assessment rates

Private Bank Performance Highlights

(\$ in millions)	% Change				
	3Q16	2Q16	3Q15	LQ	Y/Y
Net Interest Income	\$50.4	\$49.7	\$47.4	1%	6%
Core Fees	3.6	3.2	3.1	13%	15%
Total Other Income	1.9	(1.0)	(0.4)	NMF	NMF
Total Revenue	\$55.9	\$51.9	\$50.1	8%	12%
Operating Expenses	\$30.4	\$32.1	\$27.4	(5%)	11%
Pre-tax Pre-Provision Income	\$25.5	\$19.8	\$22.7	29%	12%
Provision Expense / (Credit)	(0.1)	(2.5)	2.6	NMF	NMF
Pre-tax Income	\$25.6	\$22.4	\$20.1	15%	27%
Taxes	8.2	7.0	6.3	17%	31%
Net Income	\$17.4	\$15.3	\$13.8	14%	26%

Comments

- » Net Interest Income increases 1% linked quarter as a larger average balance sheet offset a lower NIM
- » Total Other Income for the quarter was positively impacted by a \$1.2 million derivative market value adjustment. The negative impact during the 2Q16 quarter was (\$1.5 million)
- » Operating Expenses increased 11% year-over-year partially reflecting a reallocation of personnel expense from the holding company into the Private Banking segment

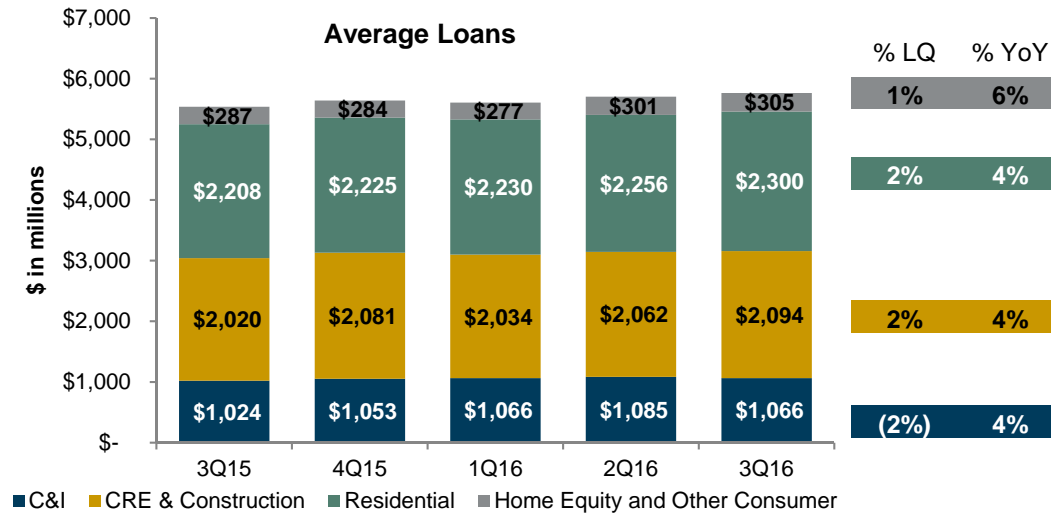
Key Statistics

	3Q16	2Q16	3Q15
Efficiency Ratio (FTE)	52%	59%	52%
Net Interest Margin	2.92%	2.95%	2.91%
Average Loan-to-Deposits Ratio ¹	96%	99%	95%

Notes:

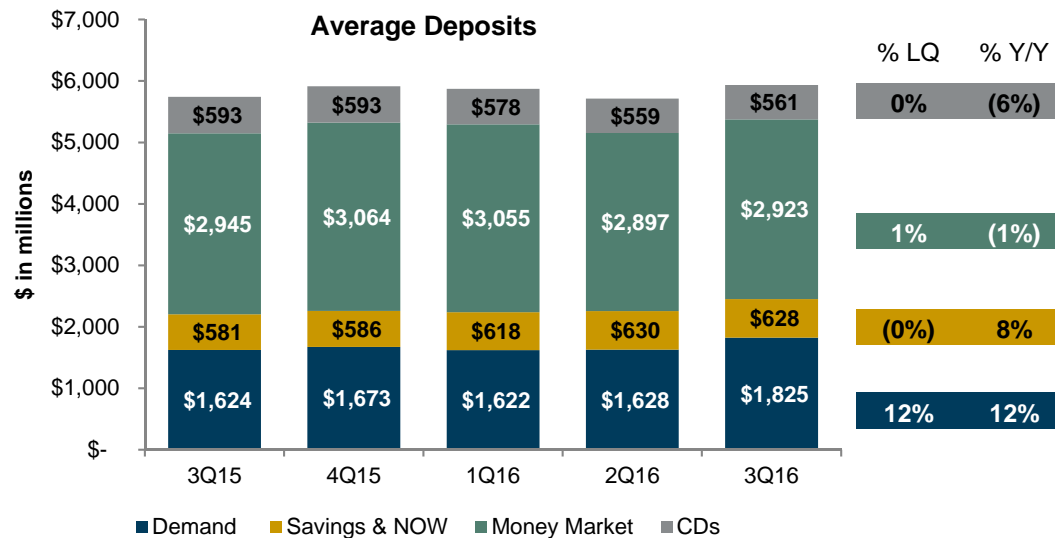
(1) Reflects bank subsidiary only.

Balance Sheet Highlights



Comments

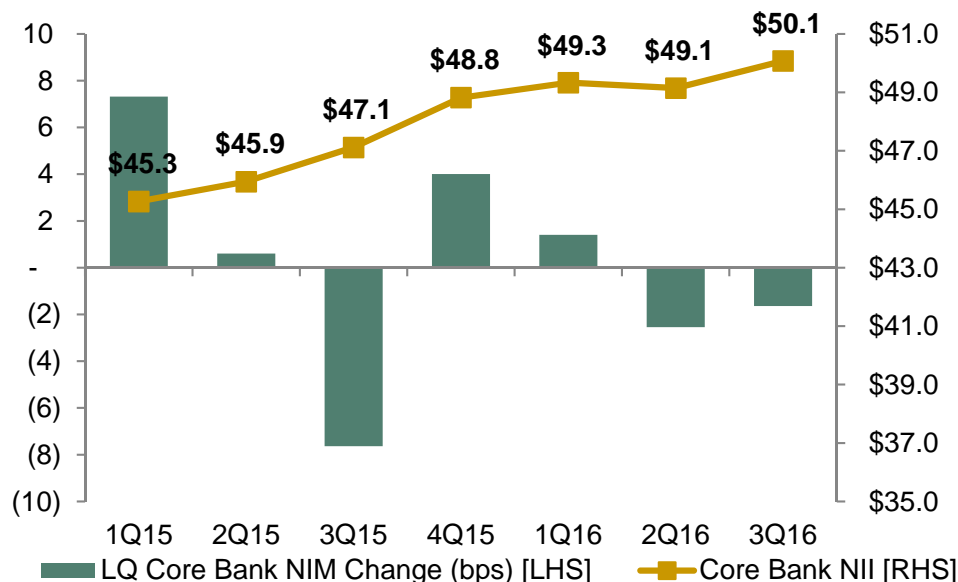
- » Total Average Loans increased 4% year-over-year with consistent growth of 4% in C&I, CRE & Construction, and Residential



- » Total Average Deposits increased 3% year-over-year to \$5.9 billion
- » Low cost sources of funding, Demand (+12%) and Savings (+8%), posted strong year-over-year growth
- » CDs continue to trend lower, down 6% year-over-year

Private Banking Net Interest Margin

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



Comments

- » Core Bank NII resumed its growth trend to \$50.1 million
- » Excluding interest recovered on previous nonaccrual loans, Core Net Interest Margin decreased two basis points to 2.90%
- » Cost of Funds including DDA decreased to 0.37% as a result of the mix shift to Demand Deposit accounts during the quarter

Core Bank Yield/ Cost

	3Q15	4Q15	1Q16	2Q16	3Q16
Cash and Investments	1.89%	1.97%	2.12%	2.13%	2.09%
Loans	3.58%	3.62%	3.66%	3.58%	3.55%
Interest-Bearing Deposits	0.38%	0.40%	0.39%	0.40%	0.40%
Total Interest-Bearing Liabilities	0.51%	0.52%	0.51%	0.52%	0.51%
Cost of Funds Including DDA	0.38%	0.38%	0.38%	0.39%	0.37%
Net Interest Margin (FTE)	2.91%	2.94%	3.01%	2.95%	2.92%
Core Net Interest Margin (FTE)	2.89%	2.93%	2.94%	2.92%	2.90%

Boston Private Wealth Performance Highlights

(\$ in millions)					
	3Q16	2Q16	3Q15	% Change	
				LQ	YY
Total Revenue	\$10.9	\$11.3	\$12.9	(3%)	(16%)
Operating Expenses	\$12.3	\$13.7	\$14.3	(10%)	(14%)
Pre-tax Income/ (Loss)	(\$1.4)	(\$2.4)	(\$1.4)	43%	(2%)
Taxes	(0.5)	(1.0)	(0.5)	45%	0%
Net Income/ (Loss)	(\$0.8)	(\$1.5)	(\$0.8)	42%	(3%)
Memo:					
Pre-tax Income/ (Loss)	(\$1.4)	(\$2.4)	(\$1.4)	43%	(2%)
Depreciation & Amortization	1.1	1.0	0.8	5%	30%
EBITDA	(\$0.3)	(\$1.4)	(\$0.5)	77%	40%
<i>Unusual Items:</i>					
Add back: Restructuring	\$0.0	\$0.9	\$1.5		
Less: Earn-out Liability	0.0	0.0	(0.5)		
Adjusted EBITDA	(\$0.3)	(\$0.5)	\$0.5	37%	NMF

Comments

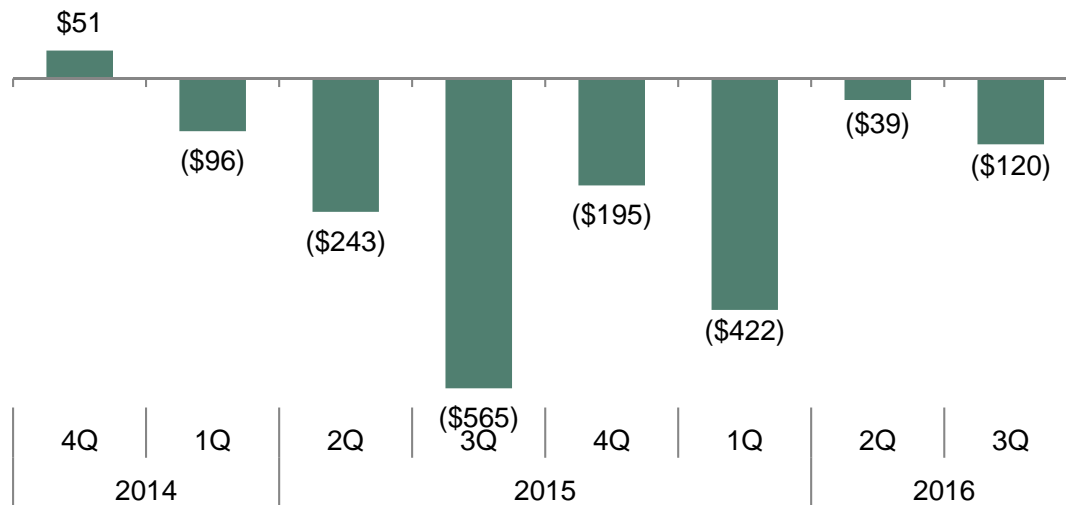
- » Revenue decreased linked quarter to \$10.9 million. The prior quarter included transactional fees of approximately \$150k while the current quarter included a revenue adjustment that negatively impacted this quarter's results by \$135k.
- » Operating expense declined due to reduced legal and consulting fees, as well as no restructuring expense

Key Statistics

	3Q16	2Q16	3Q15
Net Flows (\$ in mm)	(\$120)	(\$39)	(\$565)
Total AUM (\$ in mm)	\$7,334	\$7,313	\$8,060
Reported EBITDA Margin	(3%)	(13%)	(4%)
Adjusted EBITDA Margin	(3%)	(5%)	4%

Boston Private Wealth Flows

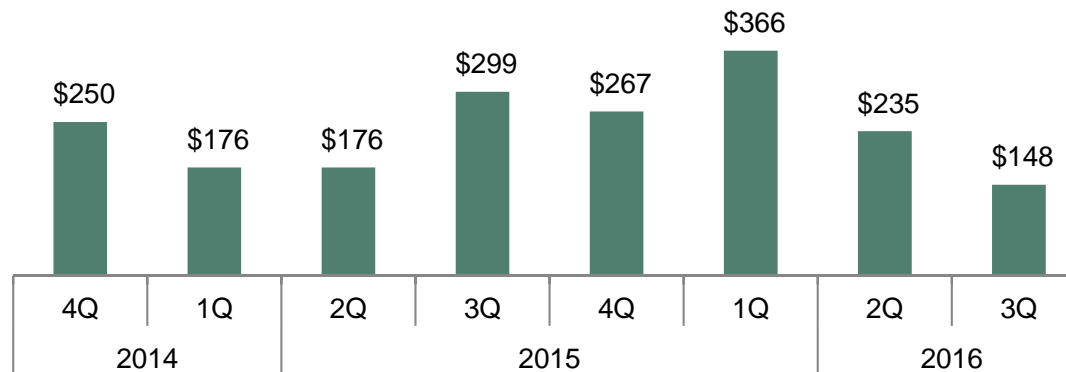
BPW Net Flows (\$ in millions)



Comments

- » Decline in net flows reflective of slower new business generation offset by further abating levels of client attrition

BPW New Business Flows (\$ in millions)



- » New business driven by bank referrals and channel partners

Investment Management Performance Highlights

(\$ in millions)	% Change				
	3Q16	2Q16	3Q15	LQ	Y/Y
Total Revenue	\$10.7	\$10.7	\$11.4	1%	(6%)
Operating Expenses	\$8.0	\$7.9	\$8.3	1%	(4%)
Pre-tax Income	\$2.7	\$2.8	\$3.1	(1%)	(11%)
Taxes	0.9	0.9	1.0	0%	(11%)
NCI	0.5	0.5	0.6	8%	(15%)
Net Income	\$1.3	\$1.4	\$1.5	(4%)	(10%)
Memo EBITDA:					
Pre-tax Income	\$2.7	\$2.8	\$3.1	(1%)	(11%)
Depreciation & Amortization	0.7	0.7	0.8	(1%)	(11%)
EBITDA	\$3.5	\$3.5	\$3.9	(1%)	(11%)

Comments

- » Total Revenue decreased 6% year-over-year due to negative net flows
- » Operating Expenses were lower 4% year-over-year representing lower incentive compensation
- » Segment EBITDA margin of 32% remains above the 30% target

Key Statistics

	3Q16	2Q16	3Q15
Net Flows (\$ in mm)	(\$111)	(\$169)	(\$205)
Total AUM (\$ in mm)	\$10,176	\$10,006	\$9,830
EBITDA Margin	32%	33%	34%
Pre-Tax Margin	26%	26%	27%

Wealth Advisory Performance Highlights

(\$ in millions)				% Change	
	3Q16	2Q16	3Q15	LQ	Y/Y
Total Revenue	\$12.8	\$12.6	\$12.5	2%	2%
Operating Expenses	\$9.0	\$9.2	\$9.3	(2%)	(4%)
Pre-tax Income	\$3.8	\$3.4	\$3.2	12%	17%
Taxes	1.4	1.3	1.3	10%	9%
NCI	0.6	0.5	0.4	16%	52%
Net Income	\$1.8	\$1.6	\$1.6	11%	15%
Memo EBITDA:					
Pre-tax Income	\$3.8	\$3.4	\$3.2	12%	17%
Depreciation & Amortization	0.4	0.4	0.5	(5%)	(15%)
EBITDA	\$4.2	\$3.8	\$3.7	10%	13%

Comments

- » Total Revenue increased 2% linked quarter
- » Operating Expenses decreased 4% year-over-year reflecting a combination of lower performance-related bonuses and lower amortization expense
- » Segment EBITDA margin of 33% remains above the 30% target

Key Statistics

	3Q16	2Q16	3Q15
Net Flows (\$ in mm)	(\$105)	\$5	\$19
Total AUM (\$ in mm)	\$10,028	\$9,974	\$9,537
EBITDA Margin	33%	30%	30%
Pre-Tax Margin	30%	27%	26%