

BOSTON PRIVATE

WEALTH ▫ TRUST ▫ PRIVATE BANKING

Second Quarter 2017 Results

July 27, 2017

Clayton Deutsch
Chief Executive Officer

David Kaye
Chief Financial Officer
Chief Administrative Officer

Corey Griffin
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.

Consolidated Performance Metrics

(\$ in millions except per share)

	2Q17	1Q17	2Q16
Return on Average Common Equity	12.1%	8.3%	8.7%
Return on Average Tangible Common Equity	16.3%	11.4%	12.4%
Core Fee Income Ratio	39%	40%	44%
Efficiency Ratio (FTE)	68%	72%	70%
Tier 1 Common Equity Ratio	10.3% ¹	10.0%	10.0%
Total AUM	\$29,063	\$28,735	\$27,276
Diluted EPS	\$0.27	\$0.17	\$0.18

(1) *Estimated*

Consolidated Revenue Trends

(\$ in millions)				% Change	
	2Q17	1Q17	2Q16	LQ	Y/Y
Net Interest Income	\$57.1	\$53.6	\$49.2	7%	16%
Non-Interest Income					
Investment Management Fees	\$11.1	\$10.8	\$10.6	2%	4%
Wealth Advisory Fees	\$13.0	\$12.8	\$12.6	1%	3%
Wealth Management and Trust Fees	\$11.2	\$10.8	\$11.2	3%	0%
Private Banking Fees ⁽¹⁾	\$2.0	\$1.8	\$3.2	10%	(36%)
Total Core Fees and Income	37.2	36.3	37.6	2%	(1%)
Miscellaneous ⁽²⁾	0.9	0.2	(0.8)	NMF	NMF
Total Other Income	0.9	0.2	(0.8)	NMF	NMF
Total Revenue	\$95.2	\$90.1	\$86.0	6%	11%

Comments

- » Total Revenue increased 11% year-over-year driven by Net Interest Income growth of 16%
- » Core Fees and Income year-over-year decline primarily driven by a decline in Other Banking Fee Income, which is attributable to lower levels of swap fee income

⁽¹⁾ Includes *Other Banking Fee Income* and *Gain on Sale of loans, net*

⁽²⁾ Includes *Gain/(loss) on sale of investments, net*, *Gain/(loss) on OREO*, and *Other Income*

Consolidated Expense Trends

(\$ in millions)	% Change					Comments
	2Q17	1Q17	2Q16	LQ	Y/Y	
Operating Expenses:						
Salaries and employee benefits	\$43.5	\$45.8	\$40.6	(5%)	7%	» Operating Expenses decreased 1% linked quarter and increased 5% year-over-year
Occupancy and equipment	10.8	10.6	9.9	1%	9%	
Professional services	3.1	3.3	3.0	(6%)	3%	
Marketing and business development	2.0	1.7	1.8	19%	9%	» Compensation expense decreased 5% linked quarter primarily due to seasonal factors affecting the first quarter
Contract services and data processing	1.6	1.6	1.7	4%	(6%)	
Amortization of intangibles	1.4	1.4	1.6	0%	(10%)	» Occupancy and Equipment expense is elevated from prior year levels primarily due to technology investments
FDIC insurance	0.9	0.8	1.0	15%	(13%)	
Restructuring	-	-	0.9	NMF	NMF	
Other	4.5	3.6	4.1	27%	10%	
Total Operating Expenses	\$67.8	\$68.8	\$64.7	(1%)	5%	

Consolidated Income Statement

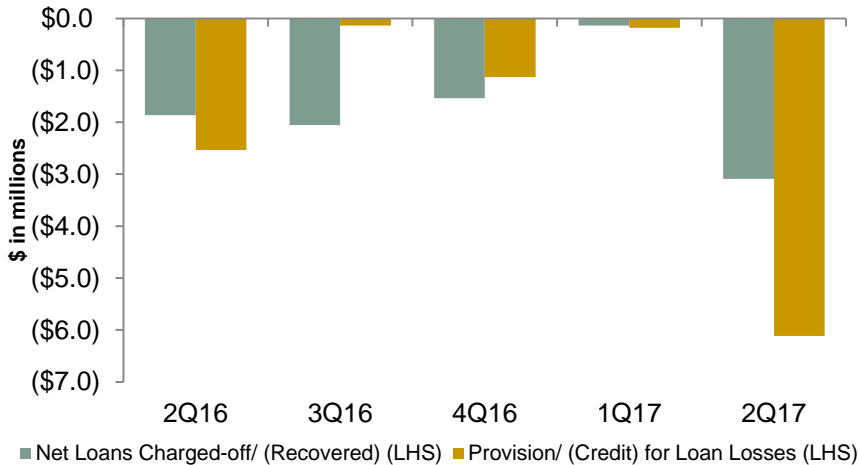
(\$ in millions)	% Change				
	2Q17	1Q17	2Q16	LQ	Y/Y
Net Interest Income	\$57.1	\$53.6	\$49.2	7%	16%
Core Fees	37.2	36.3	37.6	2%	(1%)
Total Other Income	0.9	0.2	(0.8)	NMF	NMF
Total Revenue	\$95.2	\$90.1	\$86.0	6%	11%
Operating Expenses	\$67.8	\$68.8	\$64.7	(1%)	5%
Pre-tax Pre-Provision Income	\$27.3	\$21.4	\$21.2	28%	29%
Provision Expense / (Credit)	(6.1)	(0.2)	(2.5)	NMF	NMF
Pre-tax Income	\$33.5	\$21.5	\$23.8	55%	41%
Taxes	10.0	6.6	7.6	52%	31%
Discontinued Operations	1.1	1.6	1.2	(35%)	(15%)
NCI	1.2	1.0	1.0	19%	16%
Net Income	\$23.4	\$15.7	\$16.4	49%	43%

Comments

- » Total Revenue increased 6% linked quarter, primarily due to increased NII
- » Pre-tax Pre-Provision Income increased 28% linked quarter
- » Effective tax rate on Continuing Operations in 2Q17 was 30%

Asset Quality

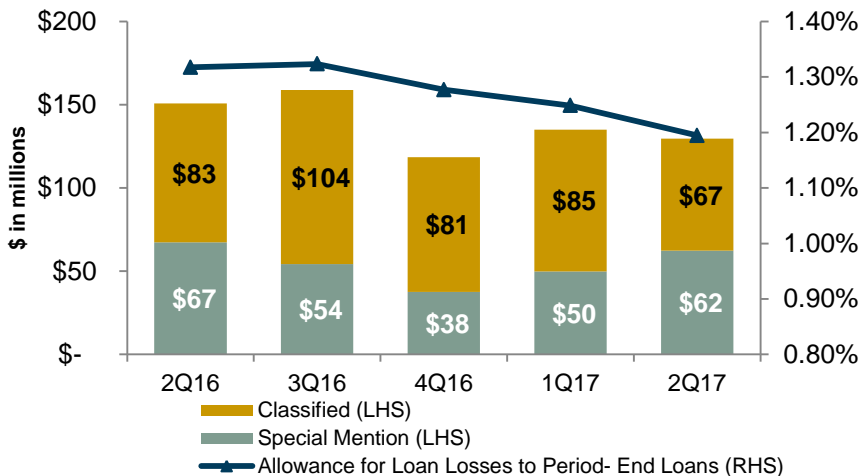
Net Charge-offs & Provision for Loan Losses



Comments

- » Our provision for loan losses continues to closely track our quarterly Net-Charge Offs / Net-Recoveries
- » The Company recorded a provision credit of \$6.1 million primarily due to net recoveries, lower loss rates, and a decline in Criticized Loans, partially offset by Residential loan growth

Criticized Loans & Allowance for Loan Losses



- » Criticized Loans decreased 4% linked quarter and 14% year-over-year to \$130 million
- » Allowance for Loan Loss as a percent of Total Loans finished the quarter at 1.19%

Private Bank Performance Highlights

(\$ in millions)	% Change				
	2Q17	1Q17	2Q16	LQ	Y/Y
Net Interest Income	\$57.8	\$54.3	\$49.7	7%	16%
Core Fees	2.0	1.8	3.2	10%	(36%)
Total Other Income	0.7	0.0	(1.0)	NMF	NMF
Total Revenue	\$60.4	\$56.1	\$51.9	8%	16%
Operating Expenses	\$36.9	\$35.1	\$32.1	5%	15%
Pre-tax Pre-Provision Income	\$23.5	\$21.0	\$19.8	12%	18%
Provision Expense / (Credit)	(6.1)	(0.2)	(2.5)	NMF	NMF
Pre-tax Income	\$29.6	\$21.2	\$22.4	40%	32%
Taxes	9.2	6.3	7.0	47%	31%
Net Income	\$20.4	\$14.9	\$15.3	37%	33%

Comments

- » Net Interest Income increased 7% linked quarter and 16% year-over-year
- » Core Fees declined year-over-year due to lower swap fee income
- » Operating Expenses increased 15% year-over-year driven primarily by performance related compensation and increased technology investment

Key Statistics

	2Q17	1Q17	2Q16
Efficiency Ratio (FTE)	58%	60%	59%
Net Interest Margin	3.12%	2.98%	2.95%
Average Loan-to-Deposits Ratio ¹	96%	97%	99%

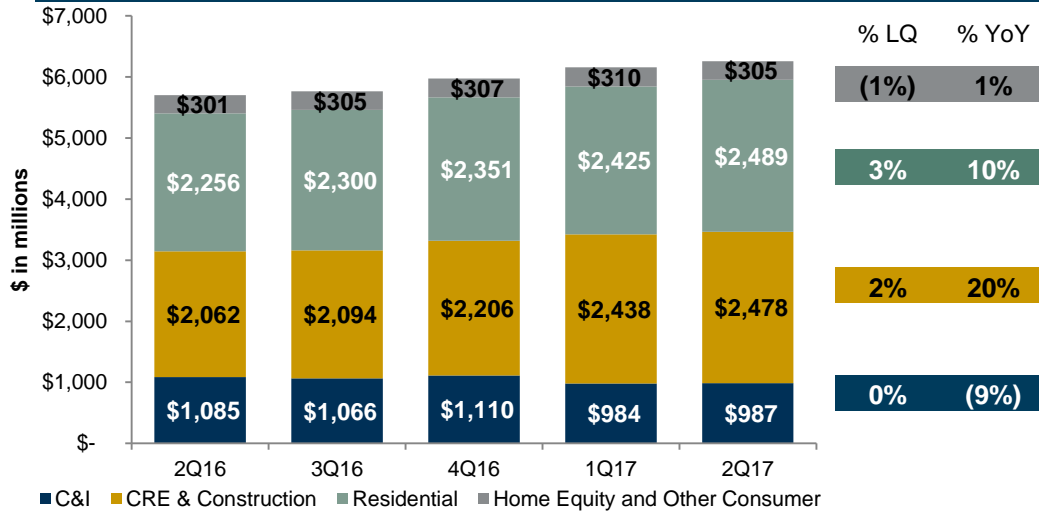
- » Net Interest Margin increased 14bps linked quarter to 3.12%

Notes:

(1) Reflects bank subsidiary only.

Balance Sheet Highlights

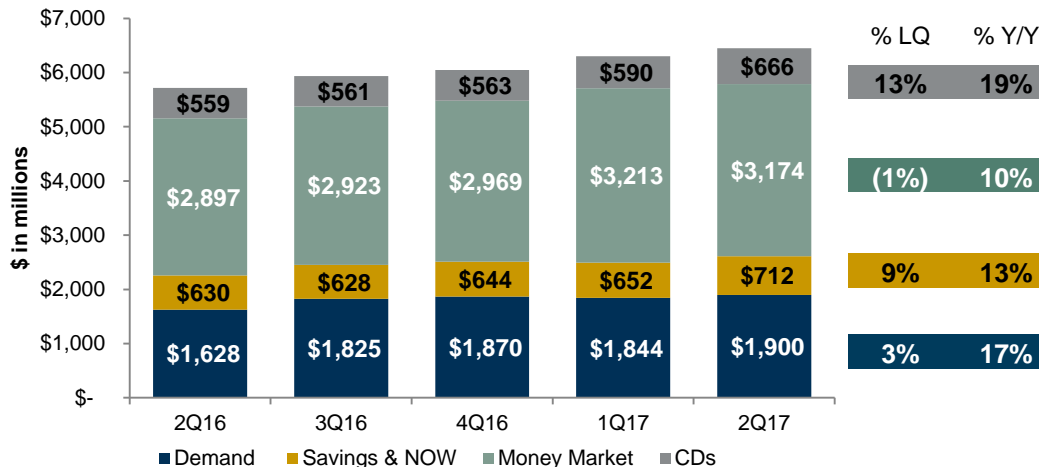
Average Loans



Comments

- » Total Average Loans increased 10% year-over-year to \$6.3 billion
- » Reclassification of loans on 12/31/16 impacts annual comparison of CRE and C&I growth
- » If we could apply this reclassification to prior periods:
 - » CRE & Construction growth would have been approximately 12% year-over-year
 - » C&I growth would have been approximately 7% year-over-year

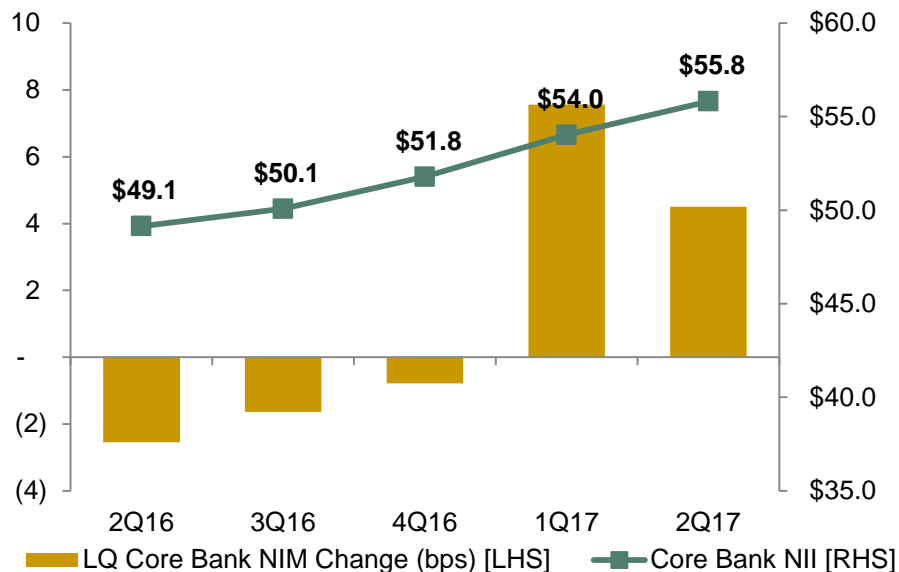
Average Deposits



- » Total Average Deposits increased 13% year-over-year to \$6.5 billion
- » All major deposit categories exhibited double-digit growth year-over-year

Private Banking Net Interest Margin

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



Comments

- » Excluding interest recovered on previous nonaccrual loans, Net Interest Income increased due to increased loan volumes and higher rates
- » Excluding interest recovered on previous nonaccrual loans, Core Net Interest Margin increased four basis points to 3.01%
- » Loan yields were higher across all major loan categories sequentially
- » Cost of Funds Including DDA increased to 0.41% as a result of higher rates on interest-bearing products and a mix shift towards interest-bearing accounts

Core Bank Yield/ Cost

	2Q16	3Q16	4Q16	1Q17	2Q17
Cash and Investments	2.13%	2.09%	2.14%	2.20%	2.27%
Loans	3.58%	3.55%	3.51%	3.61%	3.79%
Interest-Bearing Deposits	0.40%	0.40%	0.39%	0.41%	0.43%
Total Interest-Bearing Liabilities	0.52%	0.51%	0.50%	0.52%	0.56%
Cost of Funds Including DDA	0.39%	0.37%	0.36%	0.38%	0.41%
Net Interest Margin (FTE)	2.95%	2.92%	2.91%	2.98%	3.12%
Core Net Interest Margin (FTE)	2.92%	2.90%	2.89%	2.97%	3.01%

Wealth Management & Trust Performance Highlights

(\$ in millions)	% Change				
	2Q17	1Q17	2Q16	LQ	Y/Y
Total Revenue	\$11.3	\$10.9	\$11.3	3%	0%
Operating Expenses	\$11.9	\$13.9	\$13.7	(14%)	(13%)
Pre-tax Income/ (Loss)	(\$0.7)	(\$3.0)	(\$2.4)	78%	73%
Taxes	(0.2)	(1.2)	(1.0)	79%	75%
Net Income/ (Loss)	(\$0.4)	(\$1.8)	(\$1.5)	76%	71%
Memo:					
Pre-tax Income/ (Loss)	(\$0.7)	(\$3.0)	(\$2.4)	78%	73%
Depreciation & Amortization	1.1	1.1	1.0	0%	5%
EBITDA	\$0.4	(\$1.9)	(\$1.4)	NMF	NMF

Comments

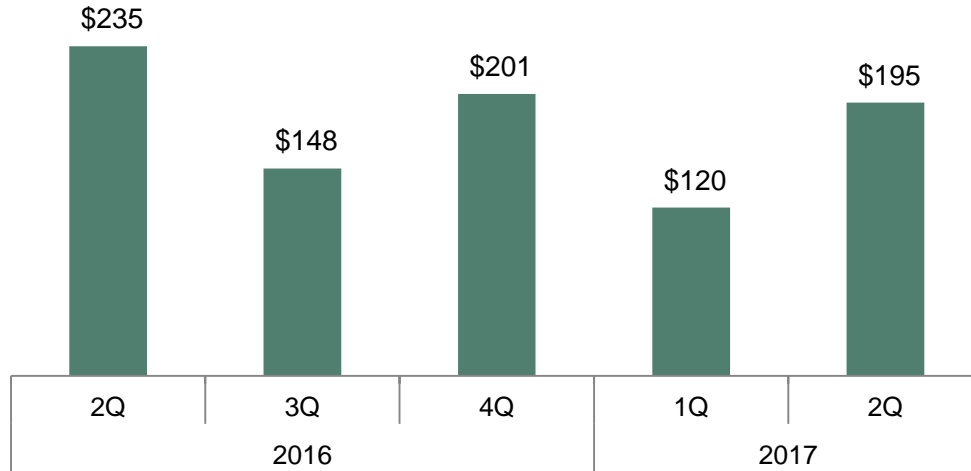
- » Revenue increased 3% linked quarter due to higher levels of average AUM reflecting positive net flows of \$63 million and positive market impact of \$106 million
- » Total Expenses decreased 14% due to efficiency initiatives and lower seasonal benefits and payroll taxes
- » Segment EBITDA margin improved to 4%

Key Statistics

	2Q17	1Q17	2Q16
Net Flows (\$ in mm)	\$63	\$34	(\$39)
Total AUM (\$ in mm)	\$7,429	\$7,260	\$7,313
EBITDA Margin	4%	(17%)	(13%)

Wealth Management & Trust Performance Highlights

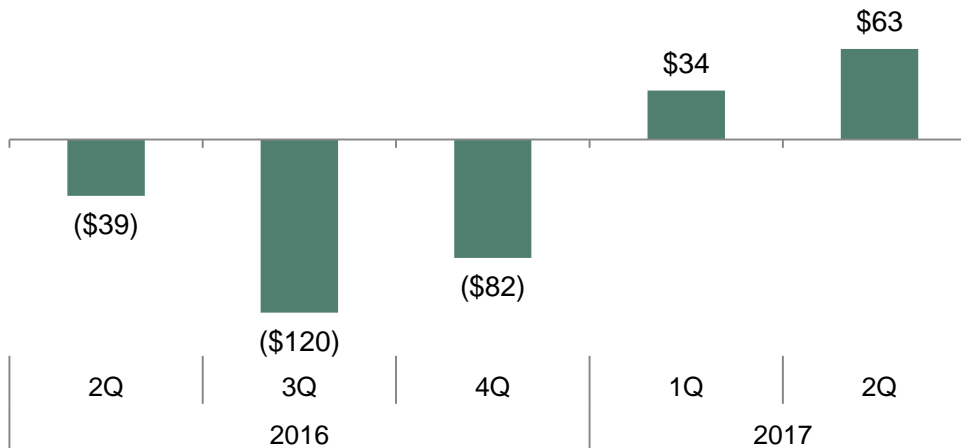
Wealth Management & Trust - New Business Flows (\$ in millions)



Comments

- » Second quarter New Business Flows increased to \$195 million

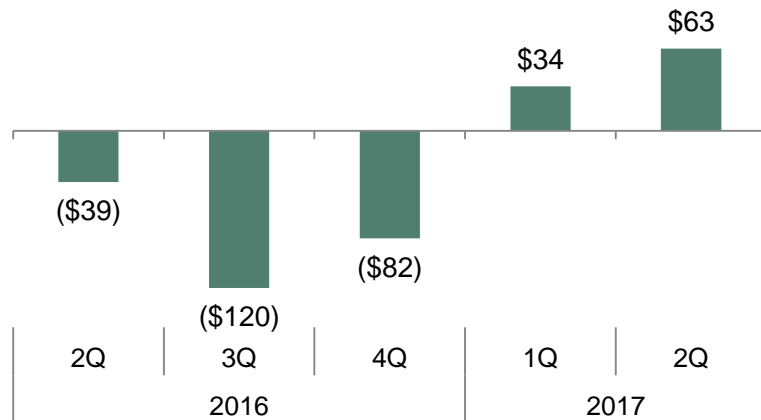
Wealth Management & Trust - Net Flows (\$ in millions)



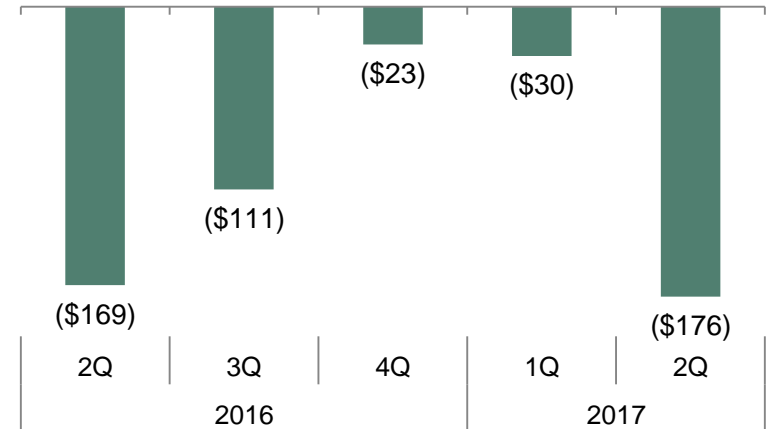
- » Second quarter Net Flows of \$63 million reflect an improvement in new business generation as well as continued lower levels of client attrition

Segment AUM Net Flows

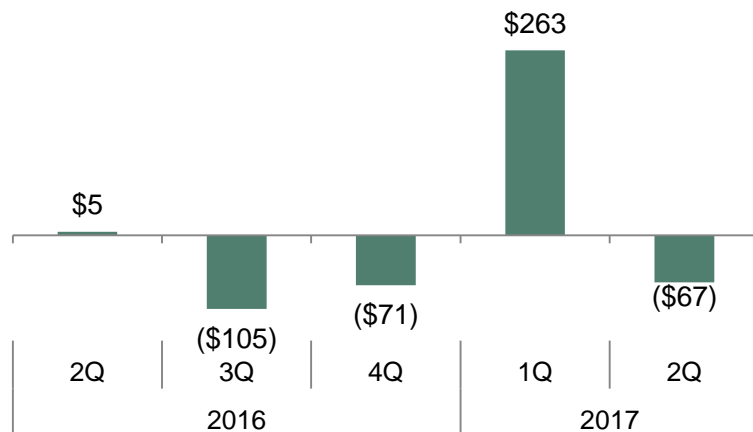
Wealth Management & Trust (\$ in mm)



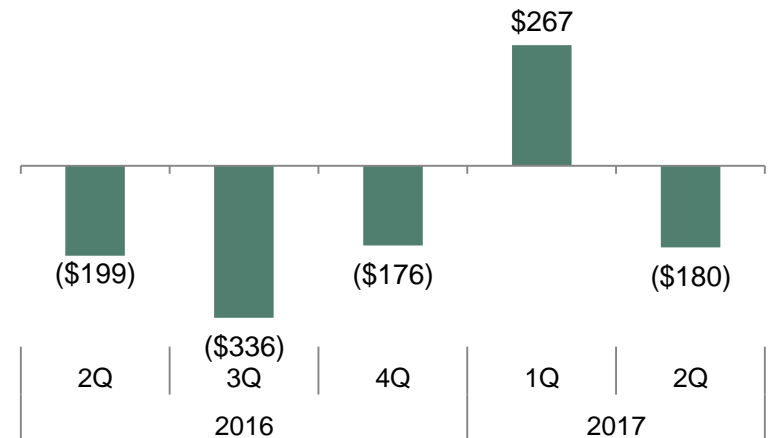
Investment Management (\$ in mm)



Wealth Advisory (\$ in mm)



Consolidated (\$ in mm)



Investment Management Performance Highlights

(\$ in millions)	% Change				
	2Q17	1Q17	2Q16	LQ	Y/Y
Total Revenue	\$11.1	\$10.9	\$10.7	2%	4%
Operating Expenses	\$8.3	\$8.4	\$7.9	0%	6%
Pre-tax Income	\$2.7	\$2.5	\$2.8	10%	0%
Taxes	0.9	0.8	0.9	6%	0%
NCI	0.5	0.5	0.5	11%	9%
Net Income	\$1.3	\$1.2	\$1.4	12%	(3%)
Memo EBITDA:					
Pre-tax Income	\$2.7	\$2.5	\$2.8	10%	0%
Depreciation & Amortization	0.7	0.7	0.7	(1%)	(2%)
EBITDA	\$3.5	\$3.2	\$3.5	7%	(1%)

Comments

- » Total Revenue increased by 4% year-over-year and 2% linked quarter
- » Operating Expenses increased by 6% year-over-year driven by higher compensation expense
- » Segment EBITDA margin remains in line with 30% target

Key Statistics

	2Q17	1Q17	2Q16
Net Flows (\$ in mm)	(\$176)	(\$30)	(\$169)
Total AUM (\$ in mm)	\$10,901	\$10,943	\$10,006
EBITDA Margin	31%	30%	33%

Wealth Advisory Performance Highlights

(\$ in millions)	% Change					Comments
	2Q17	1Q17	2Q16	LQ	Y/Y	
Total Revenue	\$13.0	\$12.9	\$12.6	1%	3%	» Total Revenue increased 1% linked quarter and 3% year-over-year
Operating Expenses	\$8.9	\$9.4	\$9.2	(5%)	(3%)	
Pre-tax Income	\$4.1	\$3.4	\$3.4	19%	19%	
Taxes	1.5	1.3	1.3	17%	19%	
NCI	0.6	0.5	0.5	27%	23%	» Segment EBITDA margin remains in line with 30% target
Net Income	\$1.9	\$1.6	\$1.6	18%	18%	
Memo EBITDA:						
Pre-tax Income	\$4.1	\$3.4	\$3.4	19%	19%	
Depreciation & Amortization	0.3	0.3	0.4	3%	(31%)	
EBITDA	\$4.4	\$3.7	\$3.8	18%	14%	

Key Statistics			
	2Q17	1Q17	2Q16
Net Flows (\$ in mm)	(\$67)	\$263	\$5
Total AUM (\$ in mm)	\$10,744	\$10,579	\$9,974
EBITDA Margin	33%	29%	30%