

BOSTON PRIVATE

WEALTH ▫ TRUST ▫ PRIVATE BANKING

Third Quarter 2017 Results

October 19, 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 press release 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 our 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, wealth advisory, and trust 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 loan defaults and charge-off rates; changes in the value of securities and other assets, adequacy of loan loss reserves, or decreases in deposit levels necessitating increased borrowing to fund loans and investments; operational risks including, but not limited to, cybersecurity, fraud and natural disasters; 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; changes in assumptions used in making such forward-looking statements; and the other risks and uncertainties detailed in the Company's Annual Report on Form 10-K and 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)

	3Q17	2Q17	3Q16
Return on Average Common Equity	9.9%	12.1%	10.2%
Return on Average Tangible Common Equity	13.2%	16.3%	14.3%
Core Fee Income Ratio	40%	39%	42%
Efficiency Ratio (FTE)	68%	68%	65%
Tier 1 Common Equity Ratio	10.4% ¹	10.3%	10.0%
Total AUM	\$29,767	\$29,063	\$27,527
Diluted EPS	\$0.22	\$0.27	\$0.22

(1) *Estimated*

Consolidated Revenue Trends

	(\$ in millions)				
	3Q17	2Q17	3Q16	% Change	
				LQ	Y/Y
Net Interest Income	\$56.6	\$57.1	\$49.9	(1%)	14%
Non-Interest Income					
Investment Management Fees	\$11.3	\$11.1	\$10.7	2%	5%
Wealth Advisory Fees	13.3	13.0	12.8	2%	4%
Wealth Management and Trust Fees	11.6	11.2	10.8	4%	7%
Private Banking Fees ⁽¹⁾	2.9	2.0	3.6	43%	(20%)
Total Core Fees and Income	39.1	37.2	37.9	5%	3%
Miscellaneous ⁽²⁾	1.2	0.8	2.1	52%	(43%)
Total Other Income	1.2	0.8	2.1	52%	(43%)
Total Revenue	\$96.9	\$95.2	\$89.9	2%	8%

Comments

- Total Revenue increased 8% year-over-year driven by Net Interest Income growth of 14%
- 3Q17 Net Interest Income includes \$0.1 of interest recoveries compared to \$2.0 million in 2Q17 and \$0.3 million in 3Q16
- Total Core Fees and Income increased 3% year-over-year and 5% linked quarter. Private Banking Fees year-over-year declined primarily due 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	
	3Q17	2Q17	3Q16	LQ	Y/Y
Operating Expenses:					
Salaries and employee benefits	\$45.2	\$43.5	\$40.9	4%	10%
Occupancy and equipment	11.3	10.8	9.5	5%	19%
Professional services	3.3	3.1	2.3	6%	44%
Marketing and business development	2.2	2.0	1.6	12%	37%
Contract services and data processing	1.6	1.6	1.9	(2%)	(14%)
Amortization of intangibles	1.4	1.4	1.6	0%	(9%)
FDIC insurance	0.6	0.9	0.7	(26%)	(10%)
Other	3.7	4.5	3.2	(18%)	17%
Total Operating Expenses	\$69.3	\$67.8	\$61.7	2%	12%

Comments

- Operating Expenses increased 12% year-over-year and 2% linked quarter driven primarily by an increase in compensation and occupancy expense
- Occupancy and Equipment expenses are elevated from prior year levels primarily due to technology investments

Consolidated Income Statement

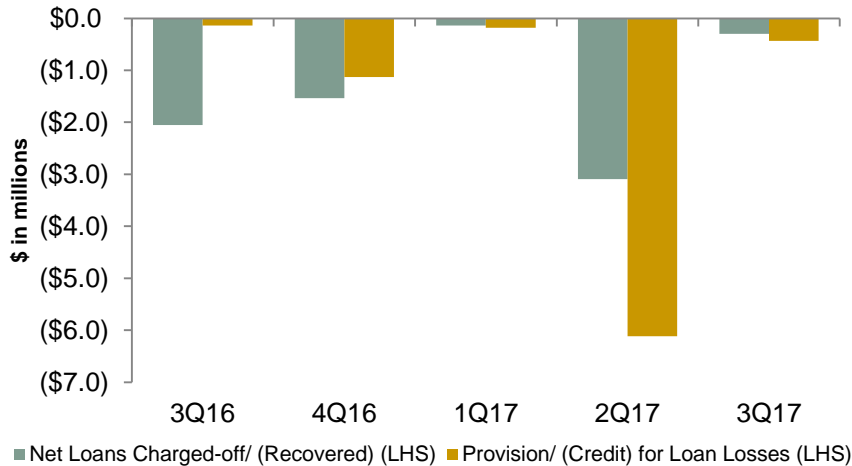
(\$ in millions)	% Change				
	3Q17	2Q17	3Q16	LQ	Y/Y
Net Interest Income	\$56.6	\$57.1	\$49.9	(1%)	14%
Core Fees	39.1	37.2	37.9	5%	3%
Total Other Income	1.2	0.8	2.1	52%	(43%)
Total Revenue	\$96.9	\$95.2	\$89.9	2%	8%
Operating Expenses	\$69.3	\$67.8	\$61.7	2%	12%
Pre-tax Pre-Provision Income	\$27.5	\$27.3	\$28.2	1%	(2%)
Provision Expense / (Credit)	(0.4)	(6.1)	(0.1)	NMF	NMF
Pre-tax Income	\$28.0	\$33.5	\$28.4	(16%)	(1%)
Taxes	8.3	10.0	8.7	(17%)	(4%)
Discontinued Operations	1.2	1.1	1.0	12%	13%
NCI	1.1	1.2	1.1	(7%)	(3%)
Net Income	\$19.8	\$23.4	\$19.6	(15%)	1%

Comments

- Total Revenue increased 8% year-over-year and 2% linked quarter
- Pre-tax Pre-Provision Income decreased 2% year-over-year and increased 1% linked quarter
- Effective tax rate on Continuing Operations in 3Q17 was 29.6%

Asset Quality

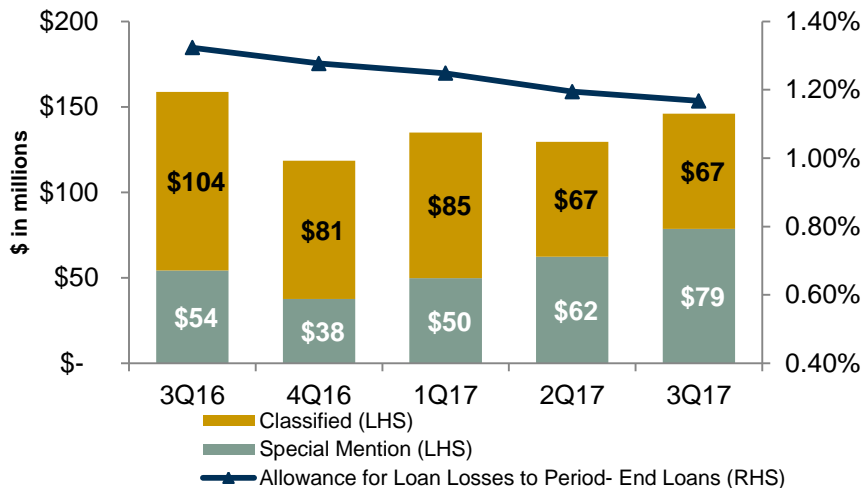
Net Charge-offs & Provision for Loan Losses



Comments

- The provision for loan losses continues to closely track quarterly Net-Charge Offs / Net-Recoveries
- The Company recorded a provision credit of \$0.4 million primarily due to net recoveries and improvements in loss factors, partially offset by an increase in criticized loans and loan growth

Criticized Loans & Allowance for Loan Losses



- Criticized Loans increased 13% linked quarter, while decreasing 8% year-over-year to \$146 million
- Allowance for Loan Loss as a percent of Total Loans finished the quarter at 1.17%

Private Bank Performance Highlights

(\$ in millions)	% Change				
	3Q17	2Q17	3Q16	LQ	Y/Y
Net Interest Income	\$57.3	\$57.8	\$50.4	(1%)	14%
Core Fees	2.9	2.0	3.6	43%	(20%)
Total Other Income	0.8	0.7	1.9	35%	(57%)
Total Revenue	\$61.0	\$60.4	\$55.9	1%	9%
Operating Expenses	\$38.5	\$36.9	\$30.4	4%	26%
Pre-tax Pre-Provision Income	\$22.5	\$23.5	\$25.5	(4%)	(12%)
Provision Expense / (Credit)	(0.4)	(6.1)	(0.1)	NMF	NMF
Pre-tax Income	\$23.0	\$29.6	\$25.6	(22%)	(10%)
Taxes	6.6	9.2	8.2	(28%)	(19%)
Net Income	\$16.3	\$20.4	\$17.4	(20%)	(6%)

Comments

- Net Interest Income increased 14% year-over-year, while decreasing 1% linked quarter
- 3Q17 Net Interest Income includes \$0.1 of interest recoveries compared to \$2.0 million in 2Q17 and \$0.3 million in 3Q16
- Core Fees increased linked quarter and decreased year-over-year due to changes in swap fee income
- Operating Expenses increased 26% year-over-year driven primarily by performance related compensation and increased technology investment

Key Statistics

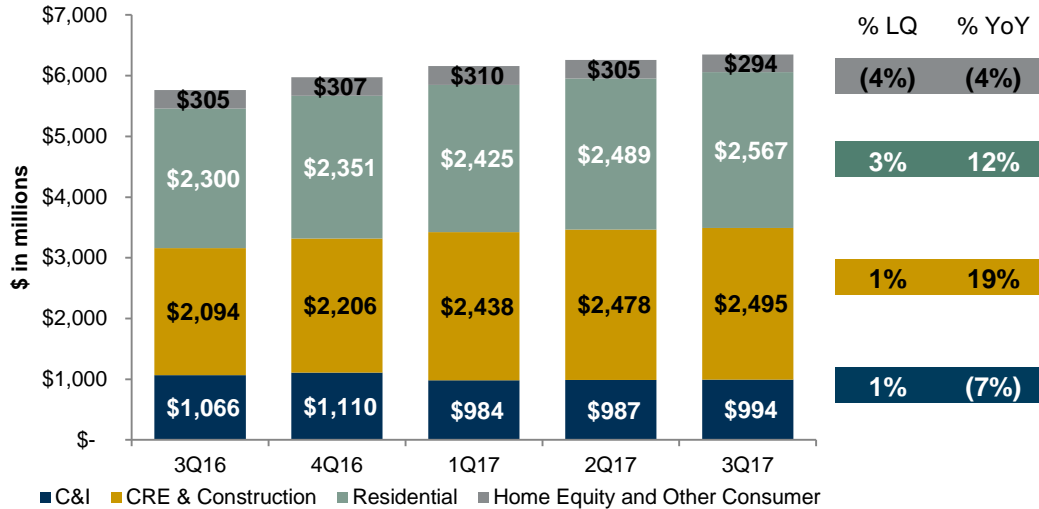
	3Q17	2Q17	3Q16
Efficiency Ratio (FTE)	60%	58%	52%
Net Interest Margin	3.07%	3.12%	2.92%
Average Loan-to-Deposits Ratio ¹	97%	96%	96%

Notes:

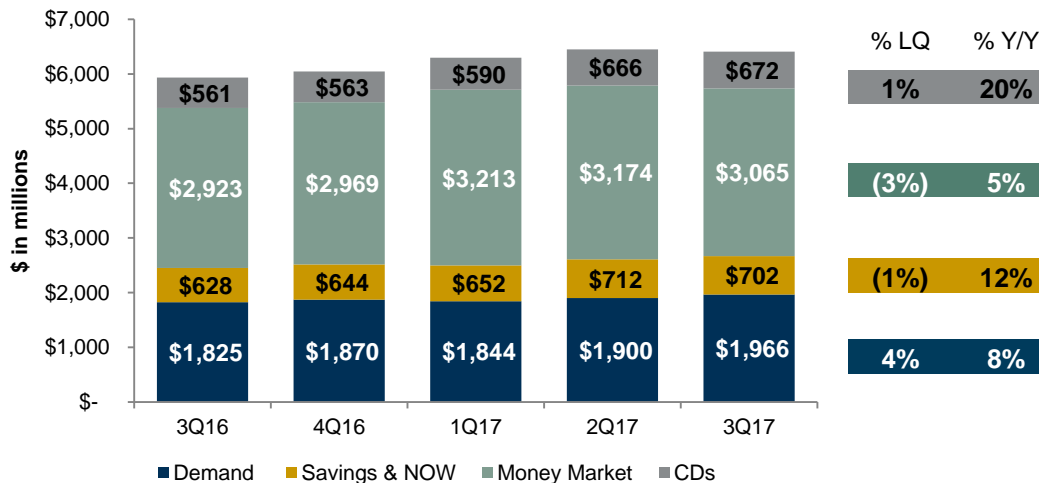
(1) Reflects bank subsidiary only.

Balance Sheet Highlights

Average Loans



Average Deposits



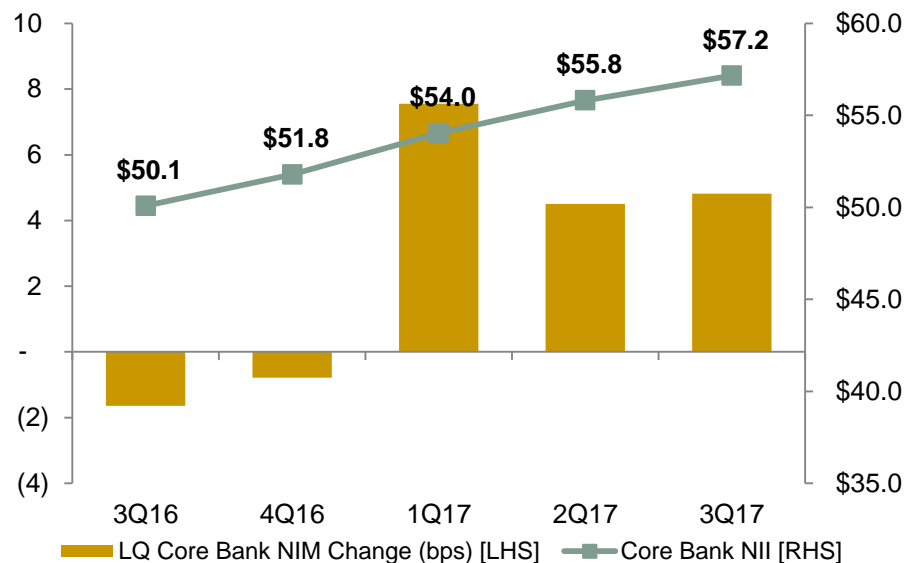
Comments

- Total Average Loans increased 10% year-over-year to \$6.4 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 11% year-over year
 - C&I growth would have been approximately 8% year-over-year

- Total Average Deposits increased 8% year-over-year to \$6.4 billion

Private Banking Net Interest Margin

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



Comments

- Core Bank Net Interest Income (excluding interest recovered on previous nonaccrual loans) increased to \$57.2 million due to increased loan volumes and higher rates

Bank Yield/ Cost

	3Q16	4Q16	1Q17	2Q17	3Q17
Cash and Investments	2.09%	2.14%	2.20%	2.27%	2.36%
Loans	3.55%	3.51%	3.61%	3.79%	3.73%
Interest-Bearing Deposits	0.40%	0.39%	0.41%	0.43%	0.48%
Total Interest-Bearing Liabilities	0.51%	0.50%	0.52%	0.56%	0.61%
Cost of Funds Including DDA	0.37%	0.36%	0.38%	0.41%	0.45%
Net Interest Margin (FTE)	2.92%	2.91%	2.98%	3.12%	3.07%
Core Net Interest Margin (FTE)	2.90%	2.89%	2.97%	3.01%	3.06%

- Excluding interest recovered on previous nonaccrual loans, Core Net Interest Margin increased to 3.06%, an increase of 5 bp linked quarter and 16 bp year-over-year
- Cost of Funds Including DDA increased to 0.45%

Wealth Management & Trust Performance Highlights

(\$ in millions)	% Change				
	3Q17	2Q17	3Q16	LQ	Y/Y
Total Revenue	\$11.7	\$11.3	\$10.9	4%	7%
Operating Expenses	\$11.8	\$11.9	\$12.3	(2%)	(5%)
Pre-tax Income/ (Loss)	(\$0.0)	(\$0.7)	(\$1.4)	NMF	NMF
Taxes	(0.1)	(0.2)	(0.5)	NMF	NMF
Net Income/ (Loss)	\$0.1	(\$0.4)	(\$0.8)	NMF	NMF
Memo:					
Pre-tax Income/ (Loss)	(\$0.0)	(\$0.7)	(\$1.4)	NMF	NMF
Depreciation & Amortization	1.1	1.1	1.1	(1%)	(0%)
EBITDA	\$1.0	\$0.4	(\$0.3)	NMF	NMF

Comments

- Total Revenue increased 7% year-over-year and 4% linked quarter reflecting higher AUM driven by market appreciation and improving net flows
- Operating Expenses decreased 5% year-over-year and 2% linked quarter due to efficiency initiatives, including headcount reduction and custody transition

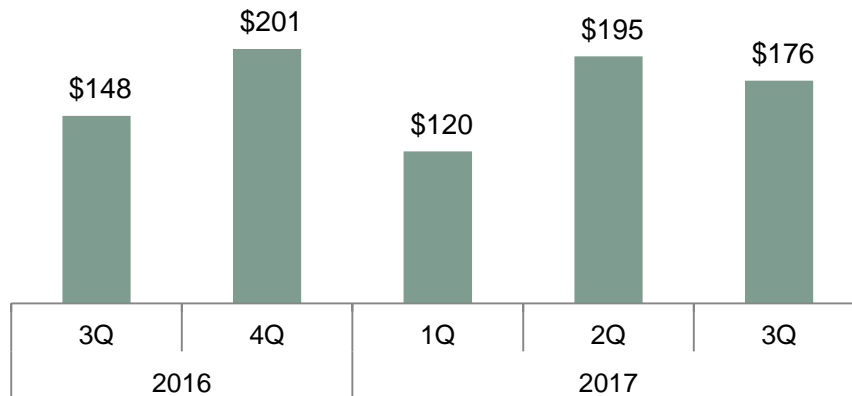
Key Statistics

	3Q17	2Q17	3Q16
Net Flows (\$ in mm)	\$114	\$63	(\$120)
Total AUM (\$ in mm)	\$7,703	\$7,429	\$7,334
EBITDA Margin	9%	4%	(3%)

- Segment EBITDA margin improved to 9%

Wealth Management & Trust Performance Highlights

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



Comments

- Third quarter New Business Flows were \$176 million in line with the average of the prior five quarters

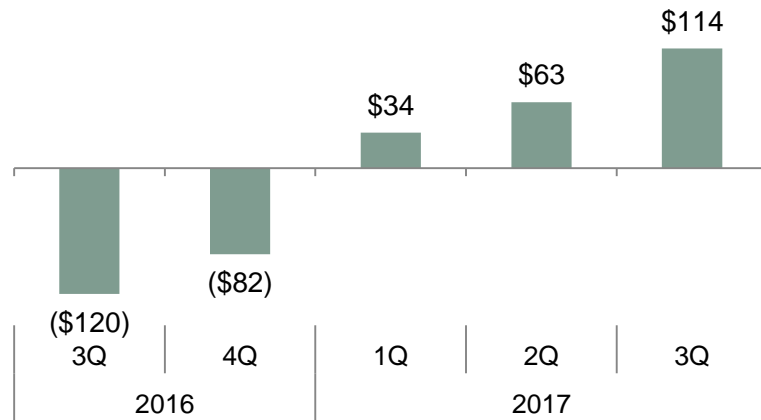
Wealth Management & Trust - Net Flows (\$ in mm)



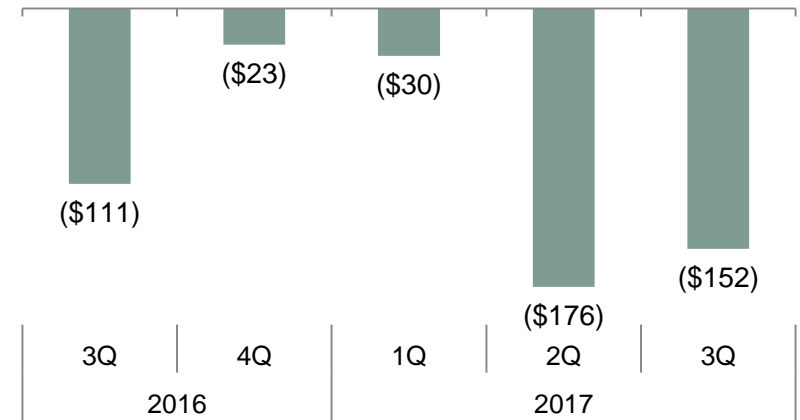
- Third quarter Net Flows were \$114 million as new business continues to outpace client attrition

Segment AUM Net Flows

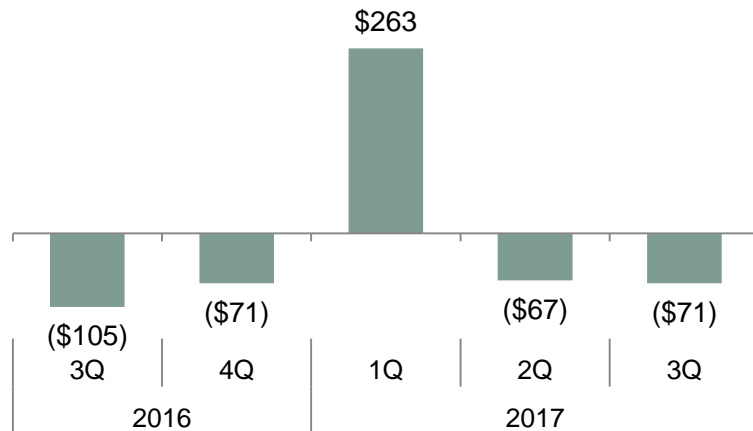
Wealth Management & Trust (\$ in mm)



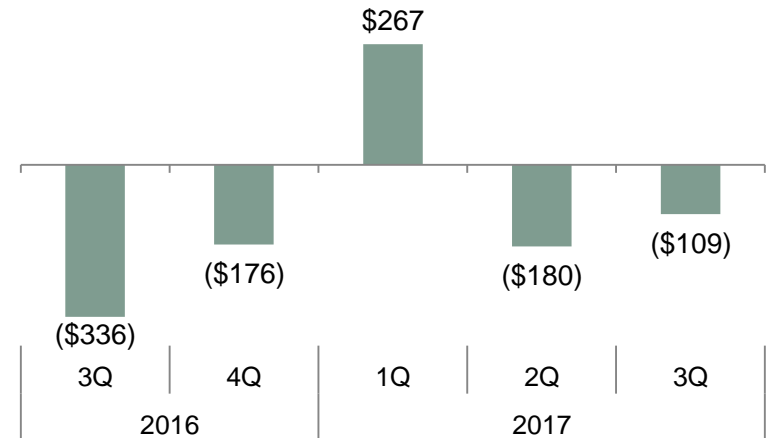
Investment Management (\$ in mm)



Wealth Advisory (\$ in mm)



Consolidated (\$ in mm)



Investment Management Performance Highlights

(\$ in millions)	% Change				
	3Q17	2Q17	3Q16	LQ	Y/Y
Total Revenue	\$11.3	\$11.1	\$10.7	2%	5%
Operating Expenses	\$8.4	\$8.3	\$8.0	1%	5%
Pre-tax Income	\$2.9	\$2.7	\$2.7	5%	5%
Taxes	1.0	0.9	0.9	10%	9%
NCI	0.5	0.5	0.5	(12%)	11%
Net Income	\$1.5	\$1.3	\$1.3	8%	9%
Memo EBITDA:					
Pre-tax Income	2.9	2.7	2.7	5%	5%
Depreciation & Amortization	0.7	0.7	0.7	0%	(1%)
EBITDA	\$3.6	\$3.5	\$3.5	4%	4%

Comments

- Total Revenue increased by 5% year-over-year and 2% linked quarter
- Operating Expenses increased by 5% year-over-year and 1% linked quarter driven by higher compensation expense
- Segment EBITDA margin exceeds 30% corporate target

Key Statistics

	3Q17	2Q17	3Q16
Net Flows (\$ in mm)	(\$152)	(\$176)	(\$111)
Total AUM (\$ in mm)	\$11,083	\$10,901	\$10,176
EBITDA Margin	32%	31%	32%

Wealth Advisory Performance Highlights

(\$ in millions)	% Change				
	3Q17	2Q17	3Q16	LQ	Y/Y
Total Revenue	\$13.3	\$13.0	\$12.8	3%	4%
Operating Expenses	\$9.2	\$8.9	\$9.0	3%	2%
Pre-tax Income	\$4.2	\$4.1	\$3.8	2%	9%
Taxes	1.6	1.5	1.4	3%	12%
NCI	0.6	0.6	0.6	(2%)	3%
Net Income	\$2.0	\$1.9	\$1.8	3%	9%
Memo EBITDA:					
Pre-tax Income	\$4.2	\$4.1	\$3.8	2%	9%
Depreciation & Amortization	0.3	0.3	0.4	1%	(27%)
EBITDA	\$4.4	\$4.4	\$4.2	2%	6%

Comments

- Total Revenue increased 4% year-over-year and 3% linked quarter
- Operating Expenses increased 2% year-over-year and increased 3% linked quarter
- Segment EBITDA margin exceeds 30% corporate target

Key Statistics

	3Q17	2Q17	3Q16
Net Flows (\$ in mm)	(\$71)	(\$67)	(\$105)
Total AUM (\$ in mm)	\$10,992	\$10,744	\$10,028
EBITDA Margin	33%	33%	33%