

BOSTON PRIVATE

WEALTH ▫ TRUST ▫ PRIVATE BANKING

Fourth Quarter & Full Year 2017 Results

January 18, 2018

Clayton Deutsch
Chief Executive Officer

Steven Gaven
Chief Financial Officer

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.

Summary Financial Results

Notable Items impacting Fourth Quarter 2017	Category	Amount	Description	Cause
	Other Income	\$1.3 million	Loss on Sale of Affiliate	Divestiture of Anchor
	Total Expenses	\$24.9 million	Goodwill Impairment	Divestiture of Anchor
		\$0.4 million	Legal Expense	Divestiture of Anchor
	Taxes	\$12.9 million (\$0.6 million)	Income Tax Expense Income Tax Expense	Tax Reform Act Normalizing Factor

Summary of Adjustments to Financial Results

(\$ in millions)	Fourth Quarter 2017			Full Year 2017		
	GAAP	Adj.	Operating	GAAP	Adj.	Operating
Net Interest Income	\$ 57.3		\$ 57.3	\$ 224.7		\$ 224.7
Core Fees	40.2		40.2	152.8		152.8
Other Income	(1.0)	1.3	0.2	1.2	1.3	2.4
Total Revenue	\$ 96.4	\$ 1.3	\$ 97.7	\$ 378.7	\$ 1.3	\$ 379.9
Total Expenses	\$ 94.0	\$ 25.3	\$ 68.7	\$ 299.9	\$ 25.3	\$ 274.6
Pre-Tax, Pre-Provision Income	\$ 2.5	\$ 26.6	\$ 29.0	\$ 78.7	\$ 26.6	\$ 105.3
Provision Expense / (Credit)	(0.9)		(0.9)	(7.7)		(7.7)
Pre-Tax Income	\$ 3.4	\$ 26.6	\$ 30.0	\$ 86.4	\$ 26.6	\$ 113.0
Taxes	21.4	12.3	9.1	46.2	12.3	33.9
Discontinued Operations	1.0		1.0	4.9		4.9
NCI	1.3		1.3	4.5		4.5
Net Income	(\$ 18.3)	\$ 38.9	\$ 20.6	\$ 40.6	\$ 38.9	\$ 79.5
Diluted Earnings Per Share	(\$0.24)		\$0.22	\$0.42		\$0.88
Return on Common Equity	(9.9%)		10.2%	5.0%		10.1%
Return on Tangible Common Equity	(11.9%)		13.4%	7.0%		13.6%

Consolidated Revenue Trends

	(\$ in millions)				
	4Q17	3Q17	4Q16	% Change	
				LQ	Y/Y
Net Interest Income	\$57.3	\$56.6	\$51.5	1%	11%
Non-Interest Income					
Investment Management Fees	\$12.3	\$11.3	\$12.4	9%	(1%)
Wealth Advisory Fees	13.5	13.3	12.6	2%	7%
Wealth Management and Trust Fees	11.8	11.6	11.0	1%	7%
Private Banking Fees ⁽¹⁾	2.6	2.9	2.5	(10%)	5%
Total Core Fees and Income	40.2	39.1	38.5	3%	4%
Miscellaneous ⁽²⁾	(1.0)	1.2	5.5	NMF	NMF
Total Other Income	(1.0)	1.2	5.5	NMF	NMF
Total Revenue	\$96.4	\$96.9	\$95.5	(0%)	1%
Memo:					
Less: Gain/(loss) on Sale of Office/Affiliate	(1.3)	-	2.9	NMF	NMF
Total Operating Revenue (non-GAAP)	\$97.7	\$96.9	\$92.6	1%	6%

Comments

- Total Operating Revenue increased 6% year-over-year driven by Net Interest Income growth of 11%
- 4Q17 Net Interest Income includes \$0.4 of interest recoveries compared to \$0.1 million in 3Q17 and \$0.4 million in 4Q16
- Total Core Fees and Income increased 4% year-over-year and 3% linked quarter

⁽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*, *Gain/(loss) on sale of affiliates or offices*, and *Other Income*

Consolidated Expense Trends

	(\$ in millions)			% Change	
	4Q17	3Q17	4Q16	LQ	Y/Y
Operating Expenses:					
Salaries and Employee Benefits	\$43.9	\$45.2	\$39.7	(3%)	11%
Occupancy and Equipment	7.8	7.9	7.0	(2%)	10%
Professional Services	4.0	3.3	2.8	22%	46%
Marketing and Business Development	1.9	2.2	2.0	(13%)	(5%)
Information Systems	5.6	5.3	5.0	7%	12%
Amortization of Intangibles	1.3	1.4	1.5	(7%)	(14%)
FDIC Insurance	0.7	0.6	0.7	5%	(7%)
Goodwill Impairment	24.9	-	9.5	NMF	NMF
Other	3.8	3.4	3.5	14%	9%
Total Operating Expenses	\$94.0	\$69.3	\$71.8	36%	31%
Memo:					
Less: Goodwill Impairment	(24.9)	-	(9.5)	NMF	NMF
Less: Legal Expenses	(0.4)	-	-	NMF	NMF
Total Operating Expenses (non-GAAP)	\$68.7	\$69.3	\$62.3	(1%)	10%

Comments

- Operating Expenses increased 10% year-over-year and decreased 1% linked quarter
- The company incurred a goodwill impairment charge of \$24.9 million during the fourth quarter related to the divestiture of Anchor Capital
- Certain current and prior period Occupancy and Equipment expenses have been reclassified to Information Systems to more accurately reflect technology spending

Consolidated Income Statement

(\$ in millions)				% Change	
	4Q17	3Q17	4Q16	LQ	Y/Y
Net Interest Income	\$57.3	\$56.6	\$51.5	1%	11%
Core Fees	40.2	39.1	38.5	3%	4%
Total Other Income ⁽¹⁾	0.2	1.2	2.6	(79%)	(90%)
Total Operating Revenue⁽¹⁾	\$97.7	\$96.9	\$92.6	1%	6%
Total Operating Expenses⁽¹⁾	\$68.7	\$69.3	\$62.3	(1%)	10%
Pre-tax Pre-Provision Income⁽¹⁾	\$29.0	\$27.5	\$30.3	5%	(4%)
Provision Expense / (Credit)	(0.9)	(0.4)	(1.1)	NMF	(16%)
Pre-tax Income⁽¹⁾	\$30.0	\$28.0	\$31.4	7%	(5%)
Taxes ⁽¹⁾	9.1	8.3	9.5	10%	(5%)
Discontinued Operations	1.0	1.2	1.2	(17%)	(16%)
NCI	1.3	1.1	1.1	19%	11%
Operating Net Income⁽¹⁾	\$20.6	\$19.8	\$21.9	4%	(6%)

Comments

- Total Operating Revenue increased 6% year-over-year and 1% linked quarter
- Pre-tax Pre-Provision Income decreased 4% year-over-year and increased 5% linked quarter
- Operating Net Income decreased 6% year-over-year while increasing 4% linked quarter

⁽¹⁾ Operating metrics have been adjusted to exclude the impact of Notable Items. Please refer to the Appendix (page 18) for a full reconciliation.

Consolidated Income Statement – Full Year

(\$ in millions)	% Change		
	FY 2017	FY 2016	Y/Y
Net Interest Income	\$224.7	\$200.4	12%
Core Fees	152.8	151.7	1%
Total Other Income ⁽¹⁾	2.4	4.2	(43%)
Total Operating Revenue⁽¹⁾	\$379.9	\$356.4	7%
Total Operating Expenses⁽¹⁾	\$274.6	\$253.4	8%
Pre-tax Pre-Provision Income⁽¹⁾	\$105.3	\$103.0	2%
Provision Expense / (Credit)	(7.7)	(6.9)	11%
Pre-tax Income⁽¹⁾	\$113.0	\$109.9	3%
Taxes ⁽¹⁾	33.9	34.0	(0%)
Discontinued Operations	4.9	5.5	(12%)
NCI	4.5	4.2	7%
Operating Net Income⁽¹⁾	\$79.5	\$77.3	3%
Diluted EPS⁽¹⁾	\$0.88	\$0.88	0%

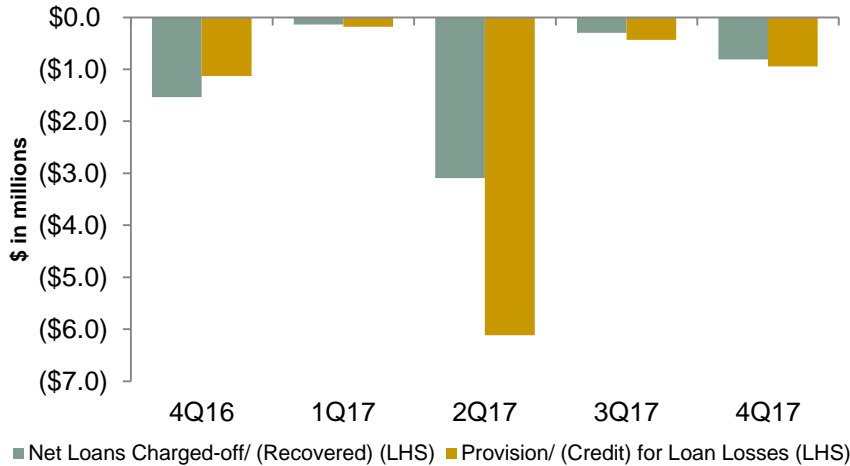
Comments

- Total Operating Revenue increased 7% driven by Net Interest Income growth of 12%
- Total Operating Expenses increased 8% due to higher compensation and technology expense
- Pre-Tax, Pre-Provision Income increased 2% year-over-year

⁽¹⁾ Operating metrics have been adjusted to exclude the impact of Notable Items. Please refer to the Appendix (page 18) for a full reconciliation.

Asset Quality

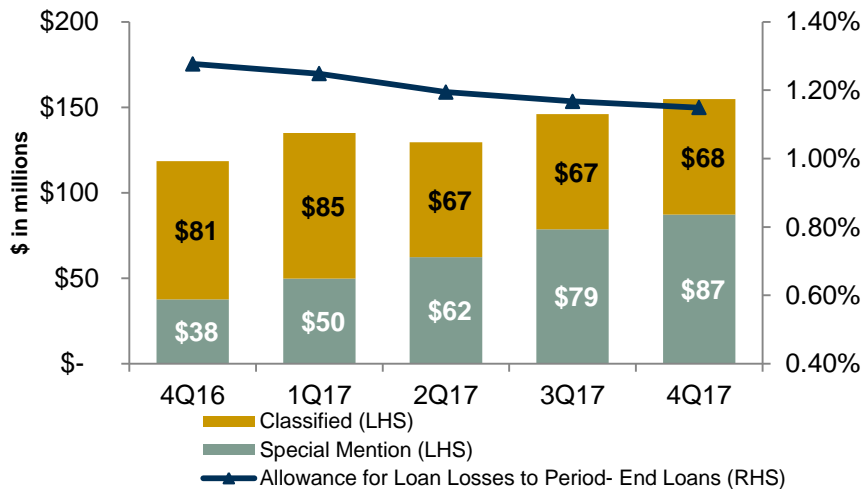
Net Charge-offs & Provision for Loan Losses



Comments

- The provision for loan losses continues to closely track quarterly Net-Charge Offs / Net-Recoveries
- The Company recorded a provision credit of \$0.9 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 6% linked quarter and 31% year-over-year to \$155 million
- Allowance for Loan Loss as a percent of Total Loans finished the quarter at 1.15%

Private Bank Performance Highlights

(\$ in millions)	% Change				
	4Q17	3Q17	4Q16	LQ	Y/Y
Net Interest Income	\$57.9	\$57.3	\$52.2	1%	11%
Core Fees	2.6	2.9	2.5	(10%)	5%
Total Other Income ⁽¹⁾	0.1	0.8	2.5	(93%)	(98%)
Total Operating Revenue⁽¹⁾	\$60.6	\$61.0	\$57.2	(1%)	6%
Total Operating Expenses	\$38.6	\$38.5	\$31.3	0%	23%
Pre-tax Pre-Provision Income⁽¹⁾	\$22.1	\$22.5	\$25.9	(2%)	(15%)
Provision Expense / (Credit)	(0.9)	(0.4)	(1.1)	NMF	17%
Pre-tax Income⁽¹⁾	\$23.0	\$23.0	\$27.0	0%	(15%)
Taxes ⁽¹⁾	8.4	6.6	8.5	26%	(1%)
Operating Net Income⁽¹⁾	\$14.6	\$16.3	\$18.4	(10%)	(21%)

Comments

- Net Interest Income increased 11% year-over-year and 1% linked quarter
- 4Q17 Net Interest Income includes \$0.4 of interest recoveries compared to \$0.1 million in 3Q17 and \$0.3 million in 4Q16
- Core Fees decreased linked quarter and increased year-over-year due to loan fees and changes in BOLI income
- Operating Expenses increased 23% year-over-year driven primarily by performance related compensation and increased technology investment and occupancy

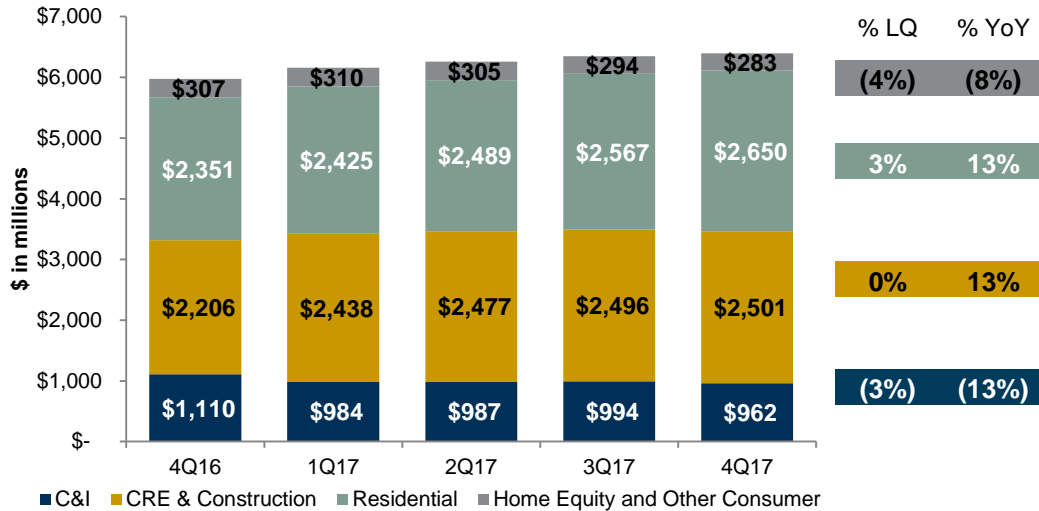
Key Statistics

	4Q17	3Q17	4Q16
Efficiency Ratio (FTE)	61%	60%	50%
Net Interest Margin	3.08%	3.07%	2.91%
Average Loan-to-Deposits Ratio ¹	99%	99%	99%

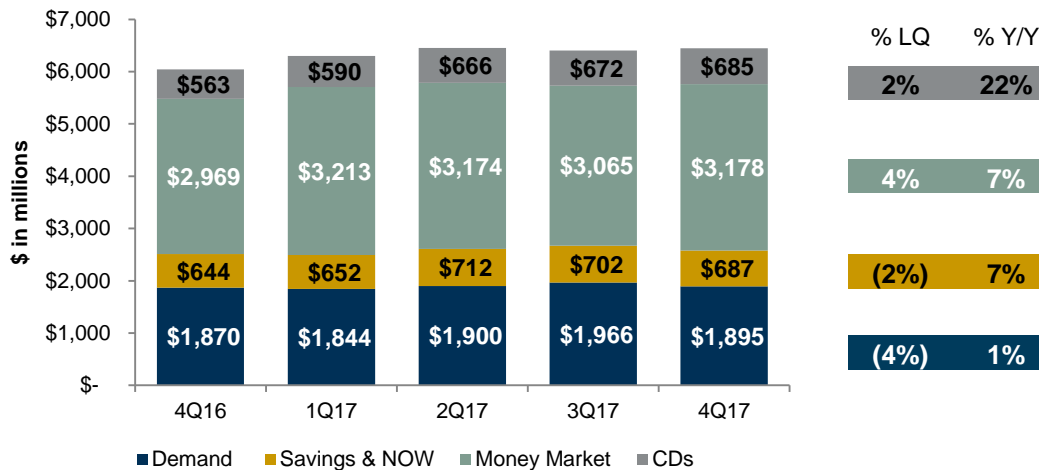
⁽¹⁾ Operating metrics have been adjusted to exclude the impact of Notable Items. Please refer to the Appendix (page 19) for a full reconciliation.

Balance Sheet Highlights

Average Loans



Average Deposits



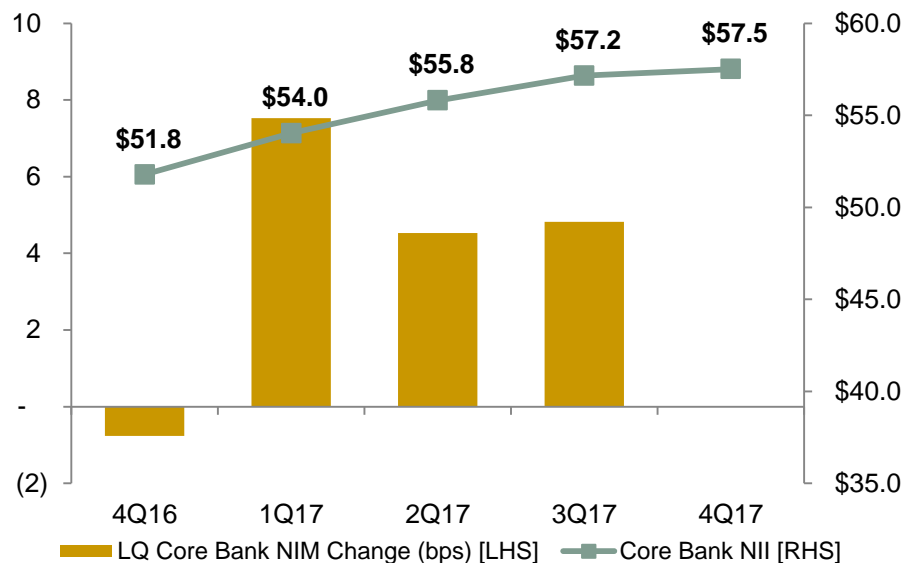
Comments

- Total Average Loans increased 7% year-over-year to \$6.4 billion
- Reclassification of loans on 12/31/16 impacts annual comparison of CRE and C&I growth
- If this reclassification was applied to prior periods:
 - CRE & Construction growth would have been approximately 4% year-over year
 - C&I growth would have been approximately 2% year-over-year

- Total Average Deposits increased 7% 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 \$57.5 million due to increased loan volumes and higher rates

Bank Yield/ Cost

	4Q16	1Q17	2Q17	3Q17	4Q17
Cash and Investments	2.14%	2.20%	2.27%	2.36%	2.36%
Loans	3.51%	3.61%	3.79%	3.73%	3.79%
Interest-Bearing Deposits	0.39%	0.41%	0.43%	0.48%	0.52%
Total Interest-Bearing Liabilities	0.50%	0.52%	0.56%	0.61%	0.65%
Cost of Funds Including DDA	0.36%	0.38%	0.41%	0.45%	0.48%
Net Interest Margin (FTE)	2.91%	2.98%	3.12%	3.07%	3.08%
Core Net Interest Margin (FTE)	2.89%	2.97%	3.01%	3.06%	3.06%

- Excluding interest recovered on previous nonaccrual loans, Core Net Interest Margin was unchanged at 3.06%, an increase of 17 bp year-over-year
- Cost of Funds Including DDA increased to 0.48%

Wealth Management & Trust Performance Highlights

(\$ in millions)	% Change				
	4Q17	3Q17	4Q16	LQ	Y/Y
Total Revenue	\$11.9	\$11.7	\$11.1	1%	7%
Operating Expenses ⁽¹⁾	\$11.7	\$11.8	\$13.4	(0%)	(13%)
Pre-tax Income/ (Loss) ⁽¹⁾	\$0.2	(\$0.0)	(\$2.3)	NMF	NMF
Taxes	1.0	(0.1)	(1.5)	NMF	NMF
Operating Net Income/ (Loss)⁽¹⁾	(\$0.9)	\$0.1	(\$0.8)	NMF	9%
Memo:					
Operating Pre-tax Income/ (Loss) ⁽¹⁾	\$0.2	(\$0.0)	(\$2.3)	NMF	NMF
Depreciation & Amortization	1.0	1.1	1.1	(3%)	(3%)
Adjusted EBITDA⁽¹⁾	\$1.2	\$1.0	(\$1.2)	13%	NMF

Comments

- Total Revenue increased 7% year-over-year and 1% linked quarter reflecting higher AUM driven by market appreciation and positive net flows
- Excluding the 4Q16 Goodwill Impairment, Operating Expenses decreased 13% year-over-year and less than 1% linked quarter

Key Statistics

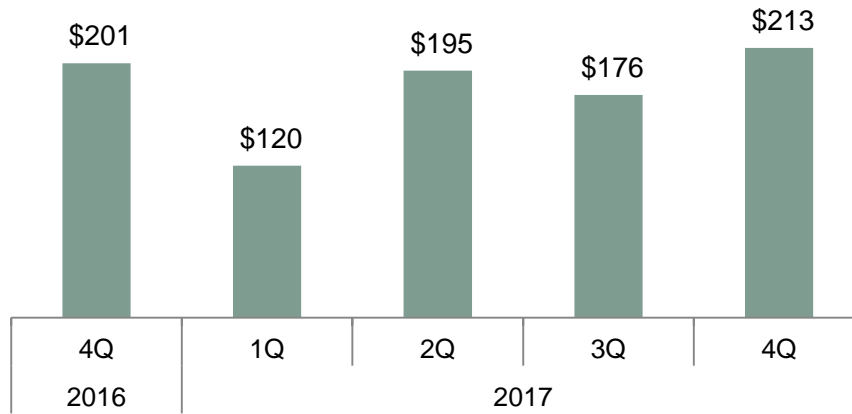
	4Q17	3Q17	4Q16
Net Flows (\$ in mm)	\$79	\$114	(\$82)
Total AUM (\$ in mm)	\$7,865	\$7,703	\$7,008
EBITDA Margin	10%	9%	(11%)

- Segment EBITDA margin improved to 10%

⁽¹⁾ Operating metrics have been adjusted to exclude the impact of Notable Items. Please refer to the Appendix (page 20) for a full reconciliation.

Wealth Management & Trust Performance Highlights

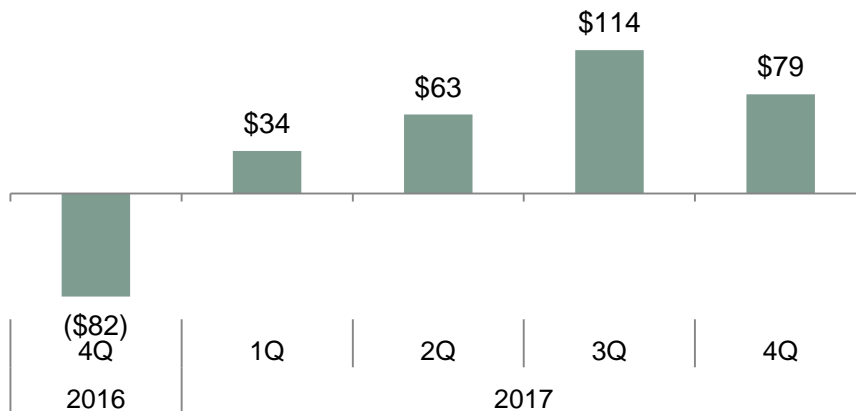
Wealth Management & Trust - New Business Flows (\$ in mm)



Comments

- Fourth quarter New Business Flows were \$213 million, above the five quarter average of \$181 million

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



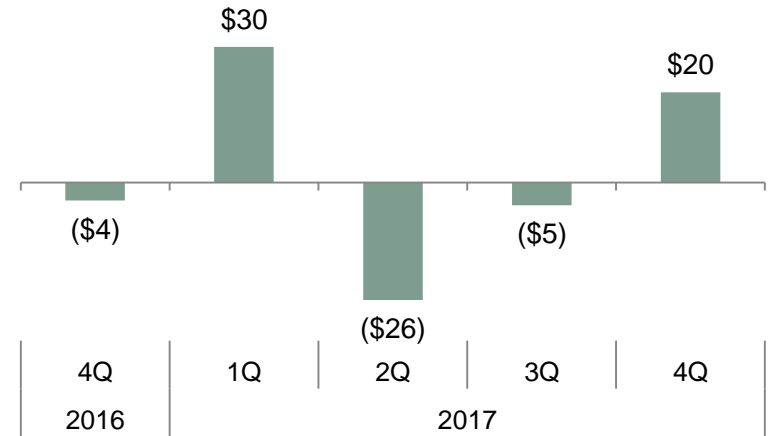
- Fourth quarter Net Flows were \$79 million

Segment AUM Net Flows

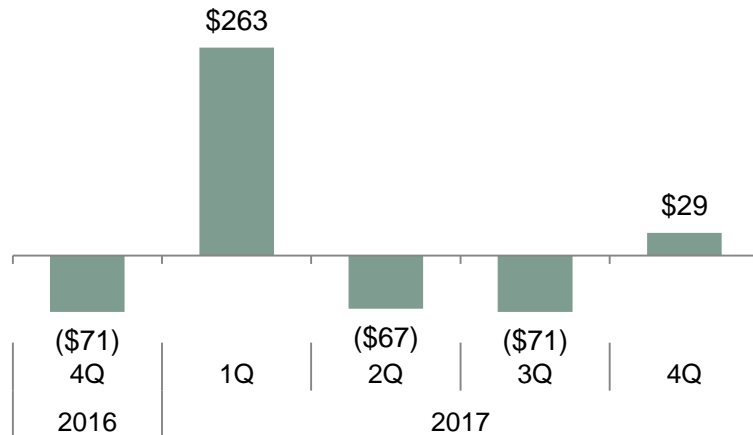
Wealth Management & Trust (\$ in mm)



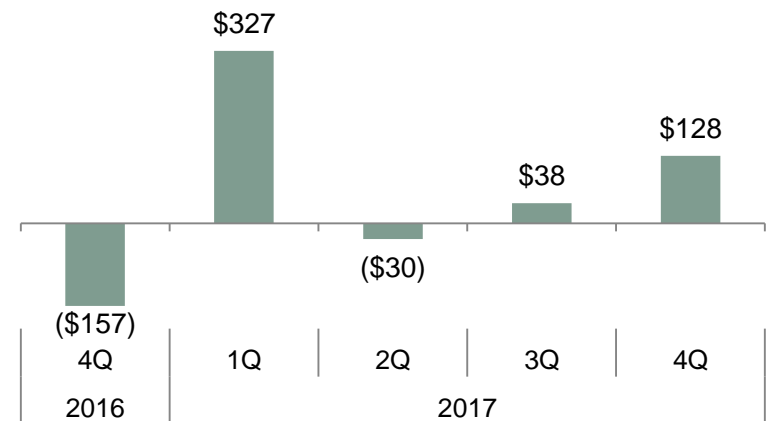
Investment Management (excluding Anchor) (\$ in mm)



Wealth Advisory (\$ in mm)



Consolidated (excluding Anchor) (\$ in mm)



Investment Management Performance Highlights

(\$ in millions)				% Change	
	4Q17	3Q17	4Q16	LQ	Y/Y
Total Revenue	\$12.3	\$11.3	\$12.4	9%	(1%)
Operating Expenses⁽¹⁾	\$8.6	\$8.4	\$9.0	3%	(4%)
Pre-tax Income	\$3.7	\$2.9	\$3.5	28%	6%
Taxes	1.1	1.0	1.1	11%	(2%)
NCI	0.5	0.5	0.6	22%	(12%)
Net Income	\$2.1	\$1.4	\$1.7	47%	21%

Memo EBITDA:

Pre-tax Income	3.7	2.9	3.5	28%	6%
Depreciation & Amortization	0.6	0.7	0.7	(11%)	(12%)
EBITDA	\$4.3	\$3.6	\$4.2	20%	2%

Comments

- Total Revenue decreased by 1% year-over-year and increased 9% linked quarter due to performance fees earned in 4Q17 and 4Q16
- Segment Adjusted EBITDA margin exceeds 30% corporate target

Key Statistics ¹

	4Q17	3Q17	4Q16
Net Flows (\$ in mm)	\$20	(\$5)	(\$4)
Total AUM (\$ in mm)	\$2,004	\$1,902	\$1,803
EBITDA Margin	35%	32%	34%

(1) Operating metrics have been adjusted to exclude the impact of Notable Items. Please refer to the Appendix (page 21) for a full reconciliation.

(2) Net Flows and Total AUM exclude Anchor

Wealth Advisory Performance Highlights

(\$ in millions)				% Change	
	4Q17	3Q17	4Q16	LQ	Y/Y
Total Revenue	\$13.5	\$13.3	\$12.6	2%	8%
Operating Expenses	\$8.2	\$9.2	\$7.0	(11%)	18%
Pre-tax Income	\$5.3	\$4.2	\$5.6	29%	(5%)
Taxes	2.1	1.6	2.3	32%	(9%)
NCI	0.7	0.6	0.5	17%	40%
Net Income	\$2.5	\$2.0	\$2.8	30%	(10%)
Memo EBITDA:					
Pre-tax Income	\$5.3	\$4.2	\$5.6	29%	(5%)
Depreciation & Amortization	0.2	0.3	0.4	(16%)	(39%)
EBITDA	\$5.5	\$4.4	\$6.0	26%	(7%)

Comments

- Total Revenue increased 8% year-over-year and 2% linked quarter
- Operating Expenses increased 18% year-over-year and decreased 11% linked quarter due to compensation expense
- Segment EBITDA margin exceeds 30% corporate target

Key Statistics

	4Q17	3Q17	4Q16
Net Flows (\$ in mm)	\$29	(\$71)	(\$71)
Total AUM (\$ in mm)	\$11,350	\$10,992	\$9,989
EBITDA Margin	41%	33%	48%

APPENDIX

GAAP to Operating Reconciliation

Consolidated

Summary of Adjustments (\$ in millions)	4Q17	3Q17	4Q16	2017	2016
Total Revenue	\$96.4	\$96.9	\$95.5	\$378.7	\$359.2
Adjustments					
Gain / (loss) on sale of office/affiliate	(1.3)	-	2.9	(1.3)	2.9
Total Operating Revenue	97.7	96.9	92.6	379.9	356.4
Total Operating Expense	\$94.0	\$69.3	\$71.8	\$299.9	\$265.0
Adjustments					
Less: Goodwill Impairment	(24.9)	-	(9.5)	(24.9)	9.5
Less: Legal Expense	(0.4)	-	-	(0.4)	-
Less: Restructuring	-	-	-	-	2.0
Total Operating Expense	68.7	69.3	62.3	274.6	253.4
Income Tax Expense	\$21.4	\$8.3	\$7.2	\$46.2	\$31.0
Adjustments					
Revaluation of DTA, DTL, and LIHTC	12.2	-	-	12.2	-
Nondeductible executive compensation	0.7	-	-	0.7	-
Tax effect at 35% of Pre-tax Items	(0.6)	-	(2.3)	(0.6)	(3.0)
Operating Income Tax Expense	9.1	8.3	9.5	33.9	34.0

Pre-Tax Pre-Provision is Total Operating Revenue less Total Operating Expenses

Pre-Tax Income is Pre-Tax Pre-Provision Income less Provision Expense / (Credit)

Operating Net Income is Pre-Tax Income less Taxes plus Discontinued Operations less NCI

GAAP to Operating Reconciliation

Private Bank segment

Summary of Adjustments (\$ in millions)	4Q17	3Q17	4Q16
Total Revenue	\$60.6	\$61.0	\$60.0
Adjustments			
Gain / (loss) on sale of office/affiliate	-	-	2.9
Total Operating Revenue	60.6	61.0	57.1
Income Tax Expense	\$21.2	\$6.6	\$9.5
Adjustments			
Revaluation of DTA, DTL, and LIHTC	12.2	-	-
Nondeductible executive compensation	0.7	-	-
Tax effect at 35% of Pre-tax Items	-	-	1.0
Operating Income Tax Expense	8.4	6.6	8.5

Pre-Tax Pre-Provision is Total Operating Revenue less Total Operating Expenses

Pre-Tax Income is Pre-Tax Pre-Provision Income less Provision Expense / (Credit)

Operating Net Income is Pre-Tax Income less Taxes plus Discontinued Operations less NCI

GAAP to Operating Reconciliation

Wealth Management & Trust segment

Summary of Adjustments (\$ in millions)	4Q17	3Q17	4Q16
Total Operating Expense	\$11.7	\$11.8	\$22.9
Adjustments			
Less: Goodwill Impairment	-	-	(9.5)
Total Operating Expense	11.7	11.8	13.4
Income Tax Expense	\$1.0	(\$0.1)	(\$4.8)
Adjustments			
Tax effect at 35% of Pre-tax Items	-	-	(3.3)
Operating Income Tax Expense	1.0	(0.1)	(1.5)

Pre-Tax Income / (loss) is Total Revenue less Operating Expenses

Operating Net Income / (loss) is Pre-tax Income / (loss) less Taxes

Adjusted EBITDA is Operating Pre-Tax Income / (loss) plus Depreciation & Amortization

GAAP to Operating Reconciliation

Investment Management segment

Summary of Adjustments (\$ in millions)	4Q17	3Q17	4Q16
Operating Expenses	\$33.9	\$8.4	\$9.0
Adjustments			
Less: Goodwill Impairment	(24.9)	-	-
Less: Legal Expense	(0.4)	-	-
Total Operating Expense	8.6	8.4	9.0

Pre-Tax Pre-Provision is Total Operating Revenue less Total Operating Expenses

Pre-Tax Income is Pre-Tax Pre-Provision Income less Provision Expense / (Credit)

Operating Net Income is Pre-Tax Income less Taxes plus Discontinued Operations less NCI