

BOSTON PRIVATE

WEALTH ▫ TRUST ▫ PRIVATE BANKING

First Quarter 2018 Results

April 19, 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.

Consolidated Performance Metrics

(\$ in millions, except per share)

	1Q18	4Q17	1Q17
Return on Average Common Equity	12.0%	10.2% ¹	8.3%
Return on Average Tangible Common Equity	15.2%	13.4% ¹	11.4%
Core Fee Income Ratio	41%	42%	40%
Efficiency Ratio (FTE)	72%	68%	72%
Tier 1 Common Equity Ratio	10.4% ²	10.3%	10.0%
Total AUM ³	\$21,186	\$21,208	\$19,677
Diluted EPS	\$0.27	\$0.22 ¹	\$0.17

(1) Operating metrics have been adjusted to exclude the impact of items related to the divestiture of Anchor including impairment of goodwill, and the Tax Cuts and Jobs Act. See page 17 for a GAAP to non-GAAP reconciliation

(2) Estimated

(3) Excludes Anchor Capital Advisors, LLC ("Anchor")

Consolidated Revenue Trends

	(\$ in millions)				
	1Q18	4Q17	1Q17	% Change	
				LQ	Y/Y
Net interest income	\$57.4	\$57.3	\$53.6	-%	7%
Noninterest income					
Investment Management fees	\$11.4	\$12.3	\$10.8	(7%)	5%
Wealth Advisory fees	13.5	13.5	12.8	-%	5%
Wealth Management and Trust fees	12.2	11.8	10.8	3%	12%
Private Banking fees ⁴	2.3	2.6	1.8	(10%)	28%
Total core fees and income	39.4	40.2	36.3	(2%)	9%
Miscellaneous ⁵	0.3	(1.0)	0.2	nm	66%
Total other income	0.3	(1.0)	0.2	nm	66%
Total revenue	\$97.1	\$96.4	\$90.1	1%	8%
Memo:					
Less: Gain/(loss) on sale of office/affiliate	-	(1.3)	-	nm	nm
Total operating revenue¹	\$97.1	\$97.7	\$90.1	(1%)	8%

Comments

- Total operating revenue increased 8% year-over-year driven by Net interest income growth of 7% and Total core fees and income growth of 9%
- Net interest income increased 7% year-over-year primarily driven by higher yields on interest-earning assets and higher asset volumes, partially offset by higher costs of deposits and borrowing volumes
- Total core fees and income increased 9% year-over-year primarily driven by higher levels of AUM in the Investment Management, Wealth Advisory, and Wealth Management and Trust segments

(4) Includes *Other banking fee income* and *Gain on sale of loans, net*

(5) Includes *Gain/(loss) on sale of investments, net, Gain/(loss) on OREO, Gain/(loss) on sale of affiliates or offices, and Other income*
 nm = not meaningful

Consolidated Expense Trends

(\$ in millions)	% Change				
	1Q18	4Q17	1Q17	LQ	YY
Salaries and employee benefits	\$47.2	\$43.9	\$45.8	8%	3%
Occupancy and equipment	7.7	7.8	7.2	–%	8%
Professional services	3.2	4.0	3.3	(21%)	(4%)
Marketing and business development	1.6	1.9	1.7	(17%)	(4%)
Information systems	5.9	5.6	5.4	4%	9%
Amortization of intangibles	0.8	1.3	1.4	(43%)	(47%)
FDIC insurance	0.7	0.7	0.8	10%	(3%)
Impairment of goodwill	-	24.9	-	nm	nm
Other	3.7	3.8	3.2	(2%)	16%
Total operating expense	\$70.9	\$94.0	\$68.8	(25%)	3%
Memo:					
Less: Impairment of goodwill	-	(24.9)	-	nm	nm
Less: Anchor divestiture legal expense	-	(0.4)	-	nm	nm
Adjusted operating expense	\$70.9	\$68.7	\$68.8	3%	3%

Comments

- Adjusted operating expense increased 3% year-over-year and 3% linked quarter
- Salaries and employee benefits increased 8% linked quarter primarily driven by seasonal payroll expenses. The 3% year-over-year increase in Salaries and employee benefits is primarily driven by a retirement plan adjustment and merit increases, partially offset by vacation accruals
- Information systems increased 4% linked quarter and 9% year-over-year due to information technology investments
- The Company incurred a goodwill impairment charge of \$24.9 million during the fourth quarter related to the divestiture of Anchor Capital

Consolidated Income Statement

(\$ in millions)			% Change		
	1Q18	4Q17	1Q17	LQ	Y/Y
Net interest income	\$57.4	\$57.3	\$53.6	–%	7%
Core fees and income	39.4	40.2	36.3	(2%)	9%
Total other income ⁶	0.3	0.3	0.2	23%	66%
Total operating revenue⁶	\$97.1	\$97.7	\$90.1	(1%)	8%
Total operating expenses⁶	\$70.9	\$68.7	\$68.8	3%	3%
Pre-tax, pre-provision income⁶	\$26.3	\$29.0	\$21.4	(9%)	23%
Provision expense/ (credit)	(1.8)	(0.9)	(0.2)	91%	nm
Pre-tax income⁶	\$28.1	\$30.0	\$21.5	(6%)	30%
Income tax expense ⁶	6.0	9.1	6.6	(34%)	(8%)
Discontinued operations	1.7	1.0	1.6	72%	4%
Noncontrolling interests	1.0	1.3	1.0	(18%)	9%
Operating net income⁶	\$22.7	\$20.6	\$15.7	10%	45%

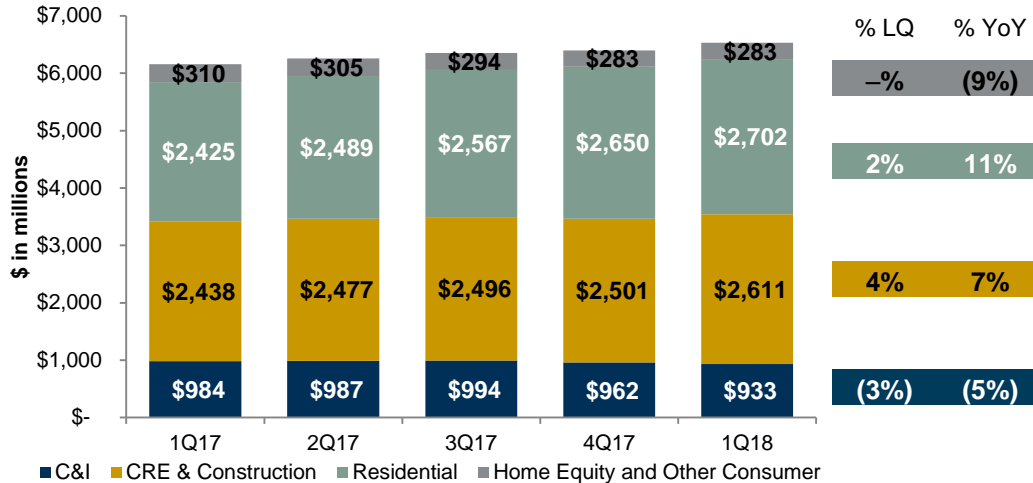
Comments

- Pre-tax pre-provision income increased 23% year-over-year and decreased 9% linked quarter
- Operating net income increased 45% year-over-year while increasing 10% linked quarter
- Effective tax rate for continuing operations (excluding non-GAAP adjustments) for the first quarter decreased to 21.5% from 30.5% linked quarter and 30.7% year-over-year.

(6) Operating metrics have been adjusted to exclude the impact of items related to the divestiture of Anchor, impairment of goodwill, and the Tax Cuts and Jobs Act. See page 17 for a GAAP to non-GAAP reconciliation

Balance Sheet Highlights

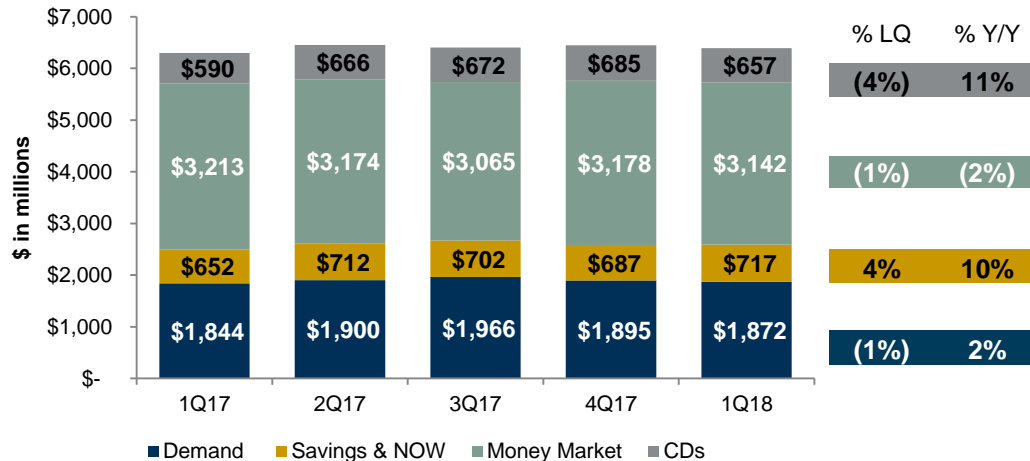
Average Loans



Comments

- Total Average Loans increased 6% year-over-year to \$6.5 billion
- Reclassification of \$27 million of tax-exempt loans from C&I and CRE to Construction Loans on 12/31/17

Average Deposits



- Total Average Deposits increased 1% year-over-year to \$6.4 billion

Consolidated Net Interest Margin

Net interest income

	1Q17	2Q17	3Q17	4Q17	1Q18
Net interest income	\$53.6	\$57.1	\$56.6	\$57.3	\$57.4
Add: FTE adjustment	2.8	2.9	2.9	2.9	1.0
Net interest income, FTE basis	56.5	60.0	59.5	60.1	58.4
Less: Interest recoveries	0.3	2.0	0.1	0.4	0.1
Core net interest income, FTE basis	\$56.2	\$58.1	\$59.4	\$59.7	\$58.3

Yield/ Cost

	1Q17	2Q17	3Q17	4Q17	1Q18
Cash and investments	2.17%	2.24%	2.33%	2.32%	2.29%
Loans	3.61%	3.79%	3.73%	3.79%	3.77%
Total interest-earning assets	3.33%	3.49%	3.48%	3.52%	3.51%
Interest-bearing deposits	0.41%	0.44%	0.48%	0.53%	0.59%
Total interest-bearing liabilities	0.56%	0.61%	0.66%	0.70%	0.80%
Cost of funds including DDA	0.42%	0.45%	0.48%	0.52%	0.60%
Net interest margin (FTE)	2.94%	3.07%	3.02%	3.04%	2.95%
Core net interest margin (FTE)	2.92%	2.97%	3.02%	3.02%	2.94%
Core net interest margin (non-FTE basis)	2.78%	2.82%	2.87%	2.87%	2.90%

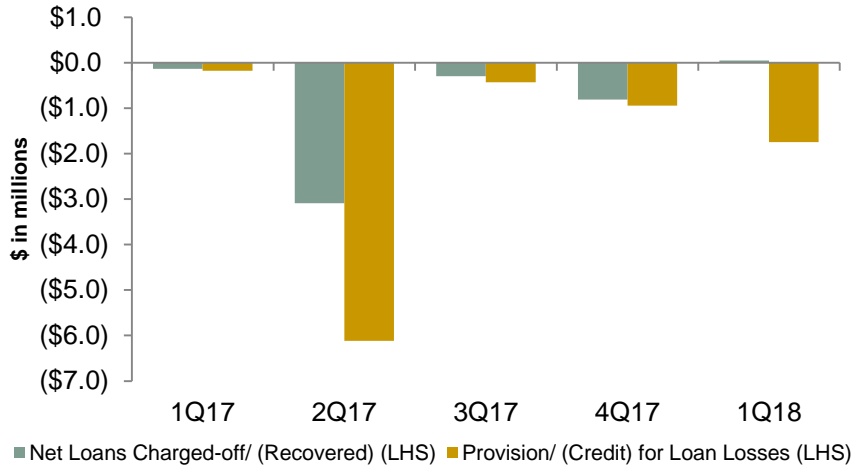
Comments

- Net interest income for the first quarter was \$57.4 million, flat linked quarter and a 7% year-over-year increase.
- Core net interest margin (non-FTE basis) increased 3 bp linked quarter to 2.90% primarily driven by higher asset yields (excluding interest recoveries and FTE adjustments), partially offset by increased deposit and borrowing costs
- Core net interest margin (FTE basis) decreased 8 bp linked quarter due to a lower tax benefit on tax-exempt income
- Cost of funds including DDA increased to 0.60%

Interest recoveries = Interest recovered on previous nonaccrual loans

Asset Quality

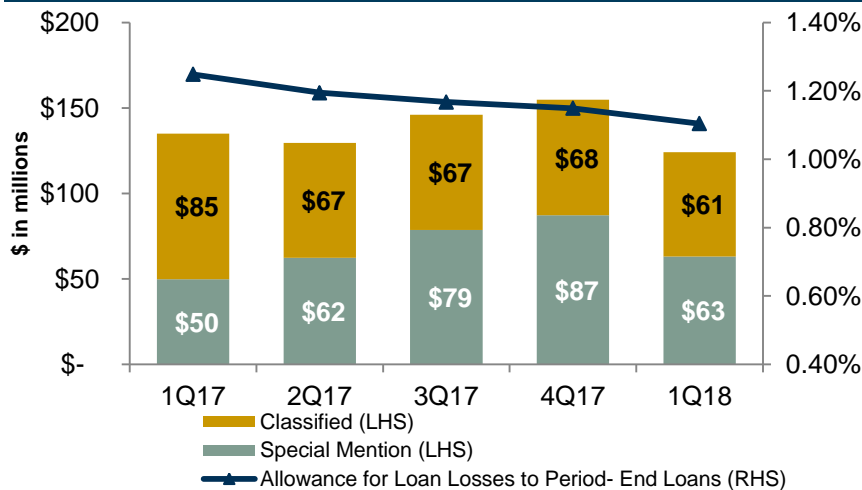
Net Charge-offs & Provision for Loan Losses



Comments

- The Company recorded a provision credit of \$1.8 million for the first quarter of 2018 primarily driven by a decline in Criticized loans and improved loss rates, partially offset by loan growth

Criticized Loans & Allowance for Loan Losses



- Total criticized loans as of March 31, 2018 were \$124.1 million, decreases of 20% linked quarter and 8% year-over-year
- Allowance for Loan Loss as a percent of Total Loans finished the quarter at 1.10%

Private Bank Performance Highlights

(\$ in millions)	% Change				
	1Q18	4Q17	1Q17	LQ	Y/Y
Net interest income	\$58.1	\$57.9	\$54.3	–%	7%
Core fees and income	2.3	2.6	1.8	(10%)	28%
Total other income	0.1	0.1	-	nm	nm
Total revenue	\$60.6	\$60.6	\$56.1	–%	8%
Total operating expenses	\$39.6	\$38.6	\$35.1	3%	13%
Pre-tax, pre-provision income	\$21.0	\$22.1	\$21.0	(5%)	–%
Provision expense/ (credit)	(1.8)	(0.9)	(0.2)	91%	nm
Pre-tax income	\$22.8	\$23.0	\$21.2	(1%)	7%
Income tax expense ⁷	4.6	6.5	6.3	(29%)	(26%)
Operating net income⁷	\$18.2	\$16.5	\$14.9	10%	22%

Comments

- Total revenue increased 8% year-over-year driven by growth in Net interest income
- Net income increased to \$18.2 million, primarily driven by a lower federal tax income rate

Key Statistics

	1Q18	4Q17	1Q17
Efficiency Ratio (FTE)	64%	61%	60%
Net Interest Margin	3.00%	3.08%	2.98%
Average Loan-to-Deposits Ratio ⁸	101%	98%	97%

(7) Operating metrics have been adjusted to exclude the impact of items related to the Tax Cuts and Jobs Act. See page 17 for a GAAP to non-GAAP reconciliation

(8) Private Banking segment only

Wealth Management & Trust Performance Highlights

(\$ in millions)			% Change		
	1Q18	4Q17	1Q17	LQ	Y/Y
Total revenue	\$12.3	\$11.9	\$10.9	3%	12%
Operating expense	\$10.7	\$11.7	\$13.9	(9%)	(23%)
Pre-tax income/ (loss)	\$1.6	\$0.2	(\$3.0)	nm	nm
Income tax expense ⁹	0.5	–	(1.2)	nm	nm
Operating net income/ (loss)⁹	\$1.1	\$0.1	(\$1.8)	nm	nm
Memo:					
Pre-tax income/ (loss)	\$1.6	\$0.2	(\$3.0)	nm	nm
Depreciation & amortization	1.0	1.0	1.1	–%	(4%)
EBITDA	\$2.6	\$1.2	(\$1.9)	nm	nm

Comments

- Total revenue increased 12% year-over-year and 3% linked quarter driven primarily by higher levels of assets under management
- Operating expenses decreased 23% year-over-year driven primarily by decreased Salaries and employee benefits and Professional fees

Key Statistics

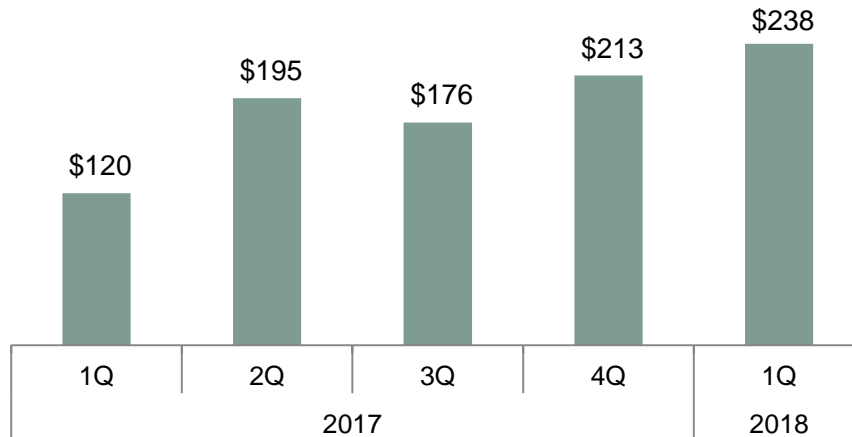
	1Q18	4Q17	1Q17
Net Flows (\$ in mm)	\$77	\$79	\$34
Total AUM (\$ in mm)	\$7,831	\$7,865	\$7,260
EBITDA Margin	21%	10%	(17%)

- Segment EBITDA margin improved to 21%

(9) Operating metrics have been adjusted to exclude the impact of items related to the Tax Cuts and Jobs Act. See page 17 for a GAAP to non-GAAP reconciliation

Wealth Management & Trust Performance Highlights

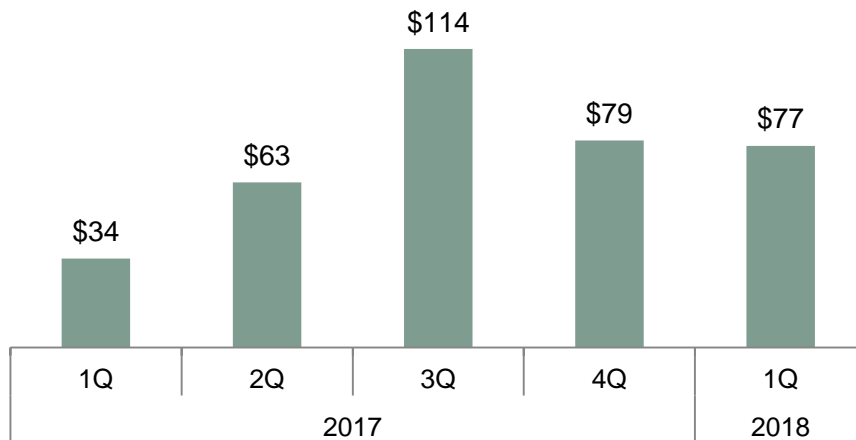
Wealth Management & Trust - New Business Flows (\$ in mm)



Comments

- First quarter New Business Flows were \$238 million, above the five quarter average of \$188 million

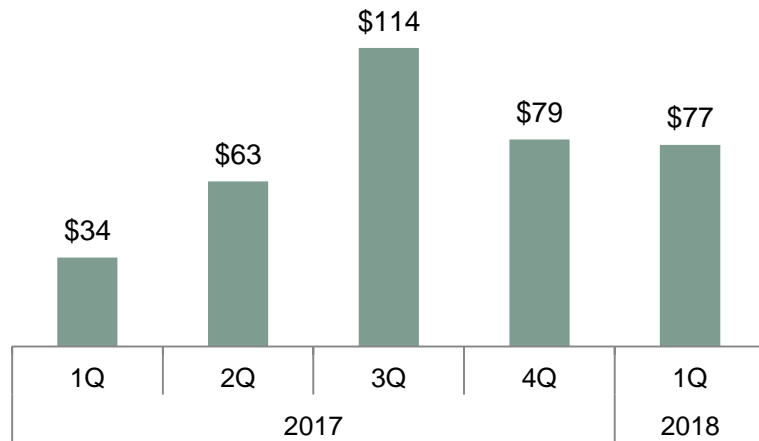
Wealth Management & Trust - Net Flows (\$ in mm)



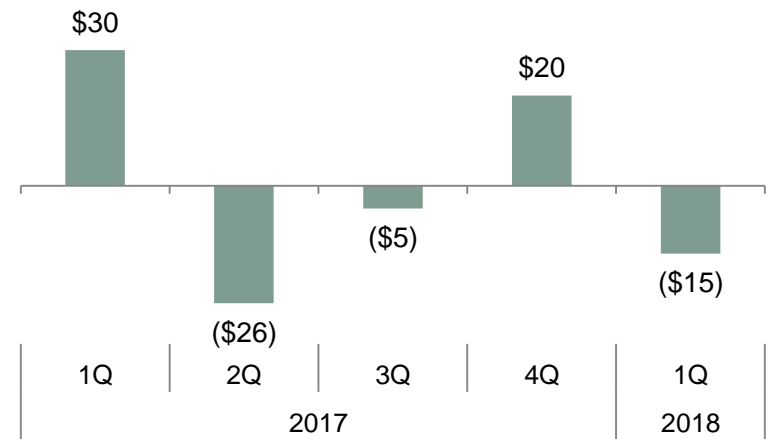
- First quarter Net Flows were \$77 million

Segment AUM Net Flows

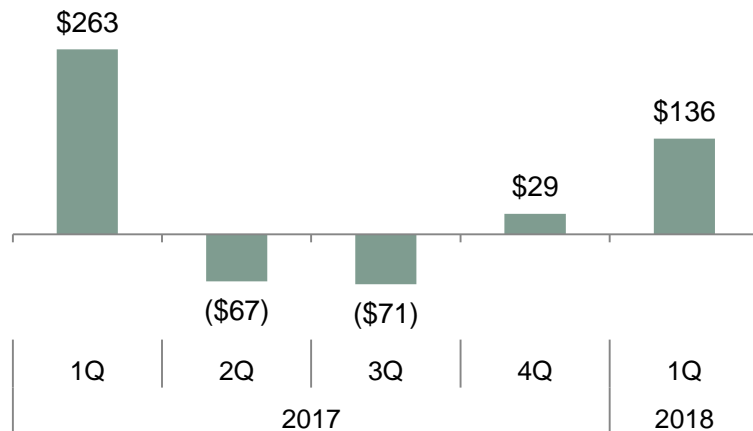
Wealth Management & Trust (\$ in mm)



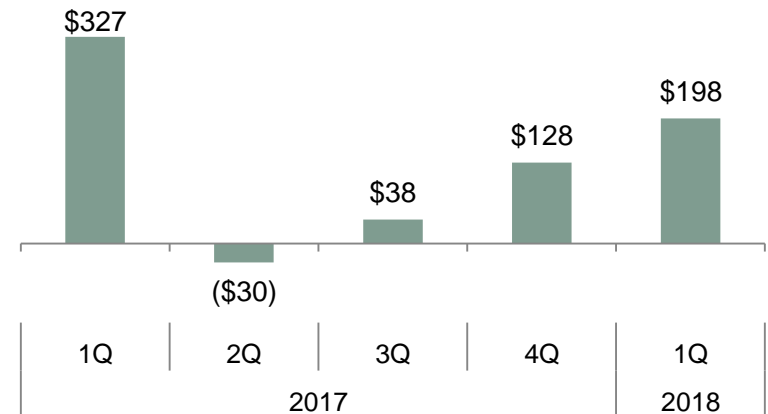
Investment Management (excluding Anchor) (\$ in mm)



Wealth Advisory (\$ in mm)



Consolidated (excluding Anchor) (\$ in mm)



Investment Management Performance Highlights

(\$ in millions)			% Change		
	1Q18	4Q17	1Q17	LQ	Y/Y
Total revenue	\$11.4	\$12.3	\$10.9	(7%)	5%
Operating expenses¹⁰	\$8.5	\$8.6	\$8.4	(1%)	2%
Pre-tax income/ (loss)¹⁰	\$2.9	\$3.7	\$2.5	(22%)	15%
Income tax expense	0.7	1.1	0.8	(39%)	(20%)
Noncontrolling interest	0.5	0.5	0.5	(11%)	6%
Net income/ (loss)¹⁰	\$1.7	\$2.1	\$1.2	(16%)	44%
Memo EBITDA:					
Pre-tax income/ (loss) ¹⁰	2.9	3.7	2.5	nm	15%
Depreciation & amortization	-	0.6	0.7	(95%)	(95%)
EBITDA¹⁰	\$2.9	\$4.3	\$3.2	(33%)	(9%)

Comments

- Total revenue increased by 5% year-over-year primarily driven by higher levels of assets under management.
- Total revenue declined 7% linked quarter primarily driven by \$0.9 million of performance fees received in the fourth quarter
- Segment Adjusted EBITDA margin was below corporate target of 30% primarily due to correction of trading errors and elevated transaction-related legal fees

Key Statistics

	1Q18	4Q17	1Q17
Net Flows ¹¹ (\$ in millions)	(\$15)	\$20	\$30
Total AUM ¹¹ (\$ in millions)	\$1,920	\$2,004	\$1,849
EBITDA Margin ¹⁰	26%	32%	30%

(10) Operating metrics have been adjusted to exclude the impact of items related to the divestiture of Anchor, including impairment of goodwill. See page 18 for a GAAP to non-GAAP reconciliation

(11) Excluding Anchor

Wealth Advisory Performance Highlights

(\$ in millions)			% Change		
	1Q18	4Q17	1Q17	LQ	Y/Y
Total revenue	\$13.6	\$13.6	\$12.9	–%	6%
Operating expenses	\$10.5	\$8.2	\$9.4	29%	12%
Pre-tax income	\$3.1	\$5.4	\$3.4	(43%)	(11%)
Income tax expense	0.8	2.1	1.3	(62%)	(39%)
Noncontrolling interest	0.6	0.7	0.5	(23%)	12%
Net income	\$1.7	\$2.6	\$1.6	(34%)	5%
Memo EBITDA:					
Pre-tax income	\$3.1	\$5.4	\$3.4	(43%)	(11%)
Depreciation & amortization	0.2	0.2	0.3	(11%)	(23%)
EBITDA	\$3.3	\$5.6	\$3.7	(42%)	(12%)

Comments

- Total revenue increased 6% year-over-year driven by higher levels of assets under management
- Operating expenses increased 12% year-over-year and 29% linked quarter primarily driven by a bonus adjustment for prior years recorded in 1Q18 as well as a retirement plan adjustment credit recorded in 4Q17
- Segment EBITDA margin below corporate target of 30% due to aforementioned bonus plan adjustment

Key Statistics

	1Q18	4Q17	1Q17
Net Flows (\$ in mm)	\$136	\$29	\$263
Total AUM (\$ in mm)	\$11,446	\$11,350	\$10,579
EBITDA Margin	24%	41%	29%

APPENDIX

GAAP to non-GAAP (Operating) Reconciliation

Consolidated

Summary of Adjustments (\$ in millions)	1Q18	4Q17	1Q17
Total revenue	\$97.1	\$96.4	\$90.1
Adjustments			
Gain / (loss) on sale of office/affiliate	-	(1.3)	-
Total operating revenue	97.1	97.7	90.1
Total operating expense	\$70.9	\$94.0	\$68.8
Adjustments			
Less: Impairment of goodwill	-	(24.9)	-
Less: Anchor divestiture legal expense	-	(0.4)	-
Total operating expense	70.9	68.7	68.8
Income tax expense	\$6.0	\$21.4	\$6.6
Adjustments			
Revaluation of DTA, DTL, and LIHTC	-	12.2	-
Nondeductible executive compensation	-	0.7	-
Tax effect at 35% of Pre-tax Items	-	(0.6)	-
Total Adjustments	-	12.3	-
Operating income tax expense	6.0	9.1	6.6
Memo:			
Adjustments at Private Banking segment	-	14.8	-
Adjustments at Wealth Management & Trust segment	-	1.0	-
Adjustments at Holding Company	-	(3.5)	-
Total Adjustments	-	12.3	-

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 Income tax expense plus Discontinued operations less Noncontrolling interests

GAAP to non-GAAP (Operating) Reconciliation

Investment Management segment

Summary of Adjustments (\$ in millions)	1Q18	4Q17	1Q17
Operating Expenses	\$8.5	\$33.9	\$8.4
Adjustments			
Less: Impairment of goodwill	-	(24.9)	-
Less: Anchor divestiture legal expense	-	(0.4)	-
Total Operating Expense	8.5	8.6	8.4

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 Income tax expense plus Discontinued operations less Noncontrolling interests