

BOSTON PRIVATE

WEALTH ▫ TRUST ▫ PRIVATE BANKING

Second Quarter 2018 Results

July 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.

2Q18 Consolidated Financial Highlights

(\$ in millions, except per share)

		Reported	Notable Items	Operating ¹
Operating Performance	Net Income	\$6.4	\$12.7	\$19.1
	Diluted EPS (operating)	\$0.06	\$0.15	\$0.21
	ROACE ²	3.0%		10.0%
	ROATCE ³	3.9%		11.9%
Balance Sheet & AUM	Average Deposits	\$6,349		
	Average Loans	\$6,668		
	Total AUM	\$21,379		
Capital	Tier 1 Common Equity Ratio	10.9% ⁴		
	Tangible Book Value Per Share	\$7.62		
Notable Items	\$12.7 million income tax expense related to the divestiture of Anchor			

(1) Operating metrics have been adjusted to exclude notable items and are non-GAAP measures. See page 19 for more information.

(2) ROACE = Return on Average Common Equity

(3) ROATCE = Return on Average Tangible Common Equity

(4) Estimated

Consolidated Income Statement

Reported (GAAP)

	(\$ in millions)			% Change	
	2Q18	1Q18	2Q17	LQ	Y/Y
Net interest income	\$57.5	\$57.4	\$57.1	—%	1%
Core fees and income	31.9	39.4	37.2	(19%)	(14%)
Total other income	0.2	0.3	0.8	(36%)	(75%)
Total operating revenue	\$89.6	\$97.1	\$95.2	(8%)	(6%)
Total operating expenses	\$64.4	\$70.9	\$67.8	(9%)	(5%)
Pre-tax, pre-provision income	\$25.3	\$26.3	\$27.3	(4%)	(8%)
Provision expense/ (credit)	0.5	(1.8)	(6.1)	nm	nm
Pre-tax income	\$24.8	\$28.1	\$33.5	(12%)	(26%)
Income tax expense	17.4	6.0	10.0	nm	75%
Discontinued operations	-	1.7	1.1	(100%)	(100%)
Noncontrolling interests	1.0	1.1	1.2	(8%)	(16%)
GAAP net income	\$6.4	\$22.7	\$23.4	(72%)	(73%)
Memo: (non-GAAP)					
Add back: Anchor divestiture tax expense	\$12.7	-	-	nm	nm
Operating net income ¹	\$19.1	\$22.7	\$23.4	(16%)	(18%)

Comments

- Anchor's financial results through April 13, 2018 remain consolidated in reported GAAP results during the current period and prior periods.

(1) Operating metrics have been adjusted to exclude notable items and are non-GAAP measures. See page 19 for more information.
nm = not meaningful

Consolidated Income Statement

Excluding Anchor (non-GAAP)

(\$ in millions)				% Change	
	2Q18	1Q18	2Q17	LQ	Y/Y
Net interest income	\$57.5	\$57.4	\$57.1	—%	1%
Core fees and income ⁵	30.7	31.0	29.0	(1%)	6%
Total other income ⁵	0.2	0.3	0.8	(42%)	(76%)
Total operating revenue⁵	\$88.5	\$88.7	\$86.9	—%	2%
Total operating expenses⁵	\$63.4	\$64.5	\$61.5	(2%)	3%
Pre-tax, pre-provision income⁵	\$25.0	\$24.3	\$25.4	3%	(1%)
Provision expense/ (credit)	0.5	(1.8)	(6.1)	nm	nm
Pre-tax income⁵	\$24.6	\$26.0	\$31.5	(6%)	(22%)
Income tax expense ^{1,5}	4.6	5.6	9.3	(16%)	(50%)
Discontinued operations	-	1.7	1.1	(100%)	(100%)
Noncontrolling interests ⁵	0.9	0.7	0.8	29%	19%
Operating net income, excl. Anchor^{1,5,6}	\$19.0	\$21.5	\$22.5	(11%)	(15%)

Comments

- This financial information excludes results from Anchor Capital and is non-GAAP
- Pre-tax pre-provision income decreased 1% year-over-year and increased 3% linked quarter
- Operating net income, excluding Anchor, decreased 15% year-over-year and 11% linked quarter
- First quarter 2018 was the last quarter of the Westfield Capital Management revenue share shown in the Discontinued operations line
- Effective tax rate for continuing operations (excluding income tax expense related to Anchor divestiture) for the second quarter was 18.9%, lower than previous guidance as a result of a tax benefit received for restricted stock vesting

(1) Operating metrics have been adjusted to exclude notable items and are non-GAAP measures. See page 19 for more information.

(5) Non-GAAP financial measures exclude financial results from Anchor Capital

(6) Anchor contributed \$0.1 million to 2Q18 GAAP net income

Consolidated Revenue Trends

Reported (GAAP), unless noted otherwise

(\$ in millions)			% Change		
	2Q18	1Q18	2Q17	LQ	Y/Y
Net interest income	\$57.5	\$57.4	\$57.1	—%	1%
Noninterest income					
Investment Management fees	\$4.2	\$11.4	\$11.1	(63%)	(62%)
Wealth Advisory fees	13.7	13.5	13.0	1%	6%
Wealth Management and Trust fees	11.2	12.2	11.2	(8%)	—%
Private Banking fees ⁷	2.8	2.3	2.0	20%	39%
Total core fees and income	31.9	39.4	37.2	(19%)	(14%)
Miscellaneous ⁸	0.2	0.3	0.8	(36%)	(75%)
Total other income	0.2	0.3	0.8	(36%)	(75%)
Total revenue	\$89.6	\$97.1	\$95.2	(8%)	(6%)
Memo: Excluding Anchor (non-GAAP)					
Investment Management fees ⁵	3.1	3.0	2.8	3%	8%
Total core fees and income⁵	30.7	31.0	29.0	(1%)	6%
Total operating revenue⁵	\$88.5	\$88.7	\$86.9	—%	2%

Comments

- Total operating revenue, excluding Anchor, of \$88.5 million was flat linked quarter and up 2% year-over-year
- Total core fees and income, excluding Anchor, declined 1% linked quarter, while increasing 6% year-over-year

(5) Non-GAAP financial measures exclude financial results from Anchor Capital

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

(8) 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

Reported (GAAP), unless noted otherwise

(\$ in millions)	% Change				
	2Q18	1Q18	2Q17	LQ	Y/Y
Salaries and employee benefits	\$39.4	\$47.1	\$43.3	(16%)	(9%)
Occupancy and equipment	8.2	7.7	7.3	6%	13%
Professional services	2.9	3.2	3.1	(10%)	(8%)
Marketing and business development	2.1	1.6	2.0	30%	5%
Information systems	6.8	5.9	5.5	15%	23%
Amortization of intangibles	0.7	0.8	1.4	—%	(47%)
FDIC insurance	0.7	0.7	0.9	(5%)	(19%)
Other	3.6	3.9	4.3	(8%)	(18%)
Total operating expense	\$64.4	\$70.9	\$67.8	(9%)	(5%)
Memo: Excluding Anchor (non-GAAP)					
Less: Anchor expenses	0.9	6.4	6.3	nm	nm
Total operating expense⁵	\$63.4	\$64.5	\$61.5	(2%)	3%

Comments

- Total operating expense declined 9% linked quarter and 5% year-over-year, primarily due to the divestiture of Anchor

(5) Non-GAAP financial measures exclude financial results from Anchor Capital

Consolidated Expense Trends

Excluding Anchor (non-GAAP)

(\$ in millions)				% Change	
	2Q18	1Q18	2Q17	LQ	YY
Salaries and employee benefits ⁵	\$38.8	\$42.6	\$38.9	(9%)	—%
Occupancy and equipment ⁵	8.2	7.5	7.0	9%	16%
Professional services ⁵	2.7	2.7	2.8	1%	(3%)
Marketing and business development ⁵	2.0	1.4	1.8	44%	12%
Information systems ⁵	6.7	5.5	5.2	22%	29%
Amortization of intangibles ⁵	0.7	0.8	0.8	—%	(3%)
FDIC insurance ⁵	0.7	0.7	0.9	(5%)	(19%)
Other ⁵	3.5	3.2	4.0	10%	(14%)
Total operating expense⁵	\$63.4	\$64.5	\$61.5	(2%)	3%

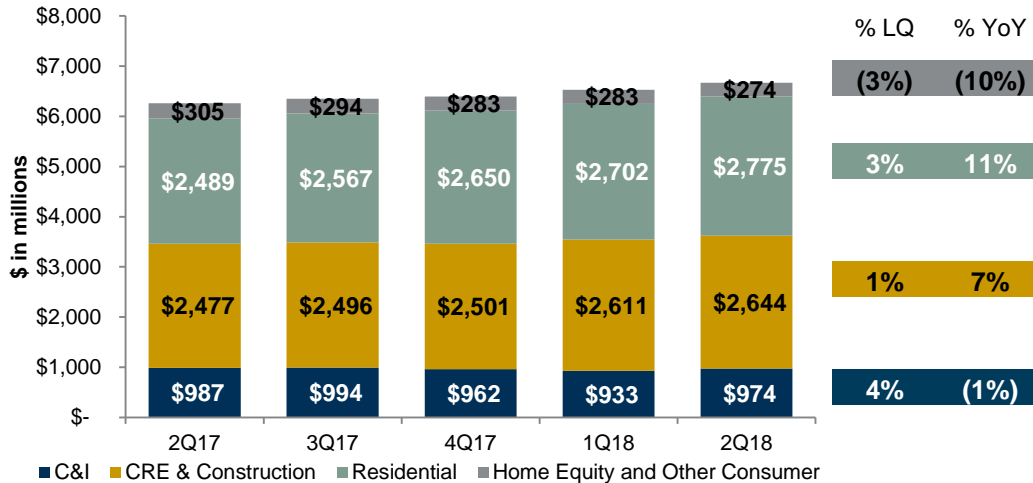
Comments

- This financial information excludes results from Anchor Capital and is non-GAAP
- Total operating expense increased 3% year-over-year, while decreasing 2% linked quarter
- Salaries and employee benefits decreased 9% linked quarter, primarily driven by seasonal payroll expense in 1Q18
- Occupancy and equipment increased 16% year-over-year, primarily driven by increased rent expense, related leasehold improvements, and charges on obsolete fixed assets
- Information systems increased 22% linked quarter and 29% year-over-year due to information technology investments

(5) Non-GAAP financial measures exclude financial results from Anchor Capital

Balance Sheet Highlights

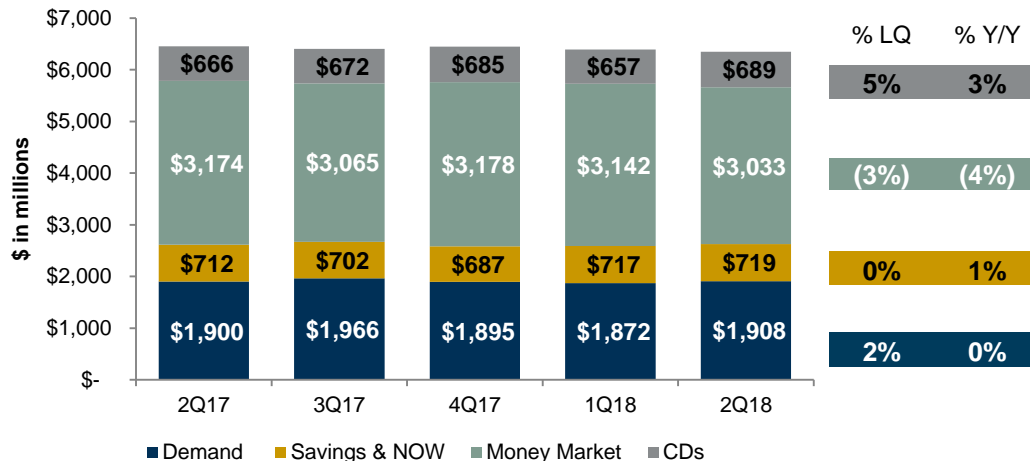
Average Loans



Comments

- Total Average Loans increased 7% year-over-year to \$6.7 billion
- C&I loans increased 4% linked quarter driven by increased commercial tax exempt loans and additional line usage
- CRE & Construction loans increased 1% linked quarter driven by increased commercial tax exempt loans and additional line usage
- Residential loans increased 3% linked quarter driven by increased commercial tax exempt loans and additional line usage
- Home Equity and Other Consumer loans decreased 3% linked quarter driven by increased commercial tax exempt loans and additional line usage

Average Deposits



- Total Average Deposits decreased 2% year-over-year to \$6.3 billion
- Demand deposits increased 2% linked quarter driven by increased commercial tax exempt loans and additional line usage
- Savings & NOW deposits increased 0% linked quarter driven by increased commercial tax exempt loans and additional line usage
- Money Market deposits decreased 3% linked quarter driven by increased commercial tax exempt loans and additional line usage
- CDs deposits increased 5% linked quarter driven by increased commercial tax exempt loans and additional line usage

Consolidated Net Interest Income and Margin

Net interest income (\$ in millions)

	2Q17	3Q17	4Q17	1Q18	2Q18
Net interest income	\$57.1	\$56.6	\$57.3	\$57.4	\$57.5
Less: Interest recoveries	2.0	0.1	0.4	0.1	-
Core net interest income, non-FTE	\$55.1	\$56.5	\$56.9	\$57.3	\$57.5
Add: FTE adjustment	2.9	2.9	2.9	1.0	0.9
Core net interest income, FTE	\$58.0	\$59.4	\$59.8	\$58.3	\$58.4

Yield/ Cost

	2Q17	3Q17	4Q17	1Q18	2Q18
Cash and investments	2.24%	2.33%	2.32%	2.29%	2.35%
Loans	3.79%	3.73%	3.79%	3.77%	3.84%
Total interest-earning assets	3.49%	3.48%	3.52%	3.51%	3.59%
Interest-bearing deposits	0.44%	0.48%	0.53%	0.59%	0.76%
Total interest-bearing liabilities	0.61%	0.66%	0.70%	0.80%	1.00%
Cost of funds including DDA	0.45%	0.48%	0.52%	0.60%	0.75%
Net interest margin (FTE)	3.07%	3.02%	3.04%	2.95%	2.89%
Core net interest margin (FTE)	2.97%	3.02%	3.02%	2.94%	2.89%
Core net interest margin (non-FTE)	2.82%	2.87%	2.87%	2.90%	2.85%

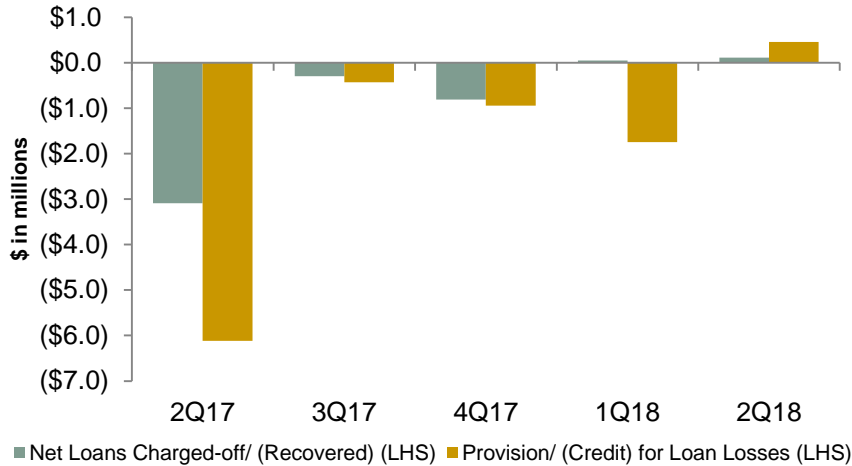
Interest recoveries = Interest recovered on previous nonaccrual loans
FTE = fully taxable equivalent

Comments

- Core net interest income, non-FTE of \$57.5 million increased 4% year-over-year
- FTE adjustment decreased year-over-year primarily driven by lower tax benefit on tax-exempt income
- Core net interest margin, FTE decreased 5 basis points linked quarter to 2.89% primarily driven by increased deposit and borrowing costs partially offset by higher asset yields (excluding interest recoveries and FTE adjustments)
- Interest-earning asset category declines from 4Q17 to 1Q18 primarily driven by lower FTE adjustment
- Cost of total deposits increased 12 basis points linked quarter to 0.53%

Asset Quality

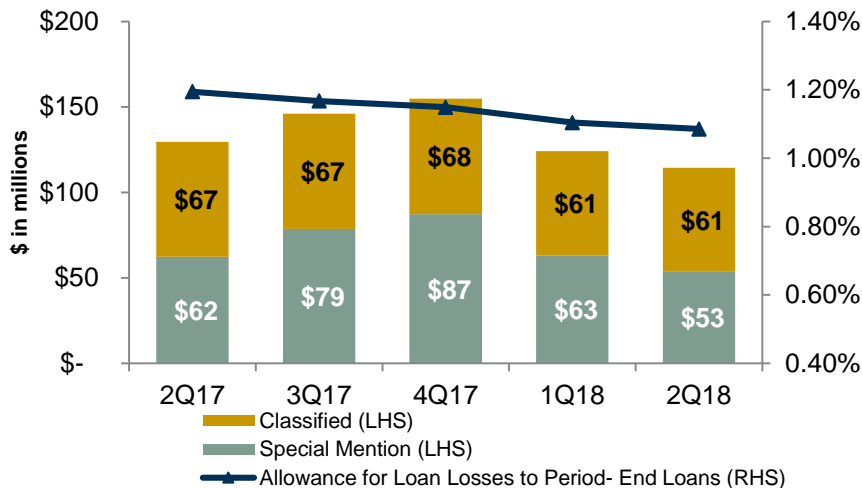
Net Charge-offs & Provision for Loan Losses



Comments

- The Company recorded a provision expense of \$0.5 million for the second quarter of 2018 primarily driven by loan growth, partially offset by a decline in criticized loans and improved loss rates.

Criticized Loans & Allowance for Loan Losses



- Total criticized loans as of June 30, 2018 was \$114.4 million, a decrease of 8% linked quarter and 12% year-over-year
- Allowance for Loan Loss as a percent of Total Loans finished the quarter at 1.09%

Private Bank Performance Highlights

(\$ in millions)	% Change				
	2Q18	1Q18	2Q17	LQ	Y/Y
Net interest income	\$58.4	\$58.1	\$57.8	1%	1%
Core fees and income	2.8	2.3	2.0	20%	39%
Total other income	-	0.1	0.7	(100%)	(100%)
Total revenue	\$61.3	\$60.6	\$60.4	1%	1%
Total operating expenses	\$39.7	\$39.6	\$36.9	—%	7%
Pre-tax, pre-provision income	\$21.6	\$21.0	\$23.5	3%	(8%)
Provision expense/ (credit)	0.5	(1.8)	(6.1)	nm	nm
Pre-tax income	\$21.1	\$22.8	\$29.6	(7%)	(29%)
Income tax expense	4.0	4.6	9.2	(14%)	(57%)
Operating net income	\$17.2	\$18.2	\$20.4	(5%)	(16%)

Comments

- Total revenue increased 1% year-over-year driven by increased swap fee income and net interest income
- Operating expenses increased 8% year-over-year primarily driven by increased investment in staffing, occupancy and information technology

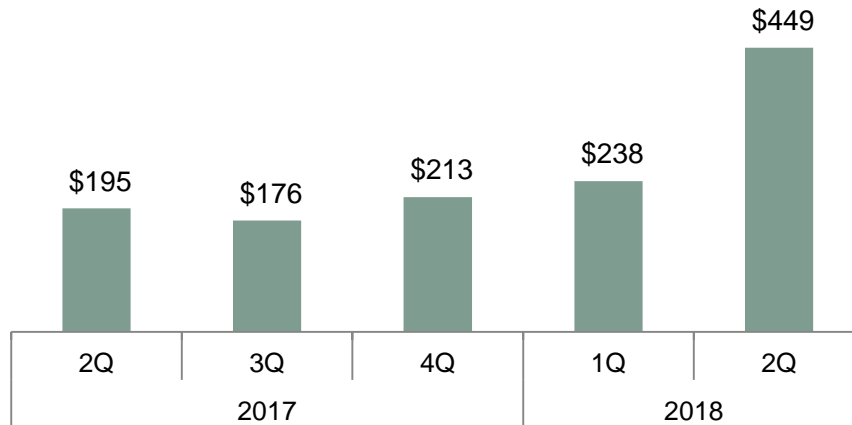
Key Statistics

	2Q18	1Q18	2Q17
Efficiency Ratio (FTE)	64%	64%	58%
Average Loan-to-Deposits Ratio ⁹	104%	101%	96%

(9) Private Banking segment only

Wealth Management & Trust Performance Highlights

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



Comments

- Second quarter new business flows were \$449 million, a record for the business

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



- Second quarter net flows were negative \$77 million

Wealth Management & Trust Performance Highlights

(\$ in millions)			% Change		
	2Q18	1Q18	2Q17	LQ	Y/Y
Total revenue	\$11.3	\$12.3	\$11.3	(8%)	—%
Operating expense	\$11.1	\$10.7	\$11.9	3%	(7%)
Pre-tax income/ (loss)	\$0.2	\$1.6	(\$0.7)	(85%)	nm
Income tax expense	-	0.5	(0.2)	(100%)	(100%)
Operating net income/ (loss)	\$0.2	\$1.1	(\$0.4)	(82%)	nm
Memo:					
Pre-tax income/ (loss)	\$0.2	\$1.6	(\$0.7)	(85%)	nm
Depreciation & amortization	1.0	1.0	1.1	1%	(3%)
EBITDA	\$1.3	\$2.6	\$0.4	(54%)	nm

Comments

- Total revenue decreased 8% linked quarter driven primarily by outflows weighted toward the beginning of the quarter partially offset by inflows weighted towards the end of the quarter
- Operating expenses decreased 7% year-over-year driven primarily by decreased compensation
- Segment EBITDA margin of 11% was negatively impacted by revenue dynamics

Key Statistics

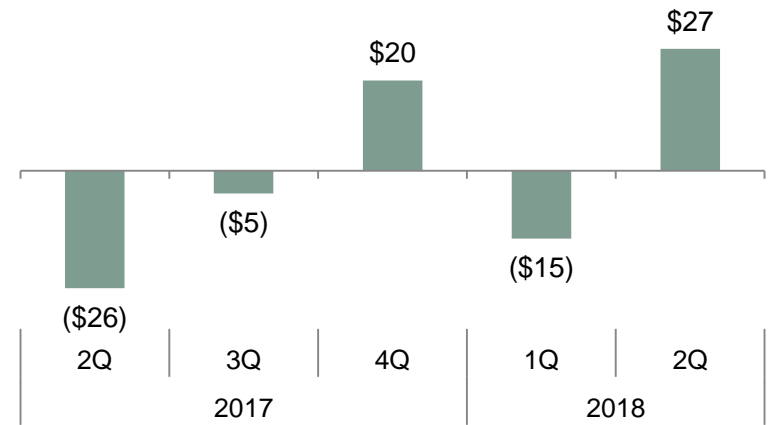
	2Q18	1Q18	2Q17
Net Flows (\$ in millions)	(\$77)	\$77	\$63
Total AUM (\$ in millions)	\$7,789	\$7,831	\$7,429
EBITDA Margin	11%	21%	4%

Segment AUM Net Flows

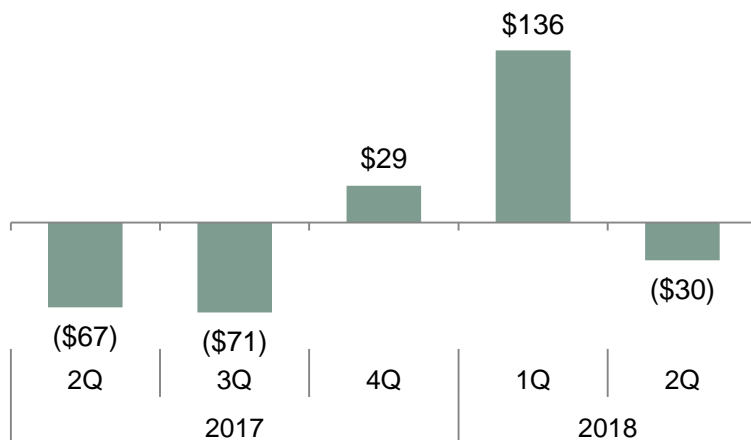
Wealth Management & Trust (\$ in millions)



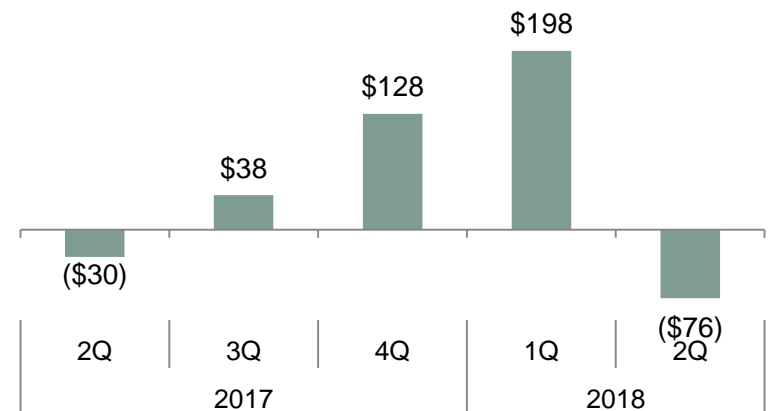
Investment Management (\$ in millions)



Wealth Advisory (\$ in millions)



Consolidated (\$ in millions)



Investment Management Performance Highlights

Excluding Anchor (non-GAAP)

(\$ in millions)	% Change				
	2Q18	1Q18	2Q17	LQ	Y/Y
Total revenue	\$3.1	\$3.0	\$2.8	3%	8%
Operating expenses¹⁰	\$2.2	\$2.1	\$2.1	3%	6%
Pre-tax income/ (loss)¹⁰	\$0.9	\$0.9	\$0.8	3%	15%
Income tax expense	0.2	0.2	0.2	(2%)	(18%)
Noncontrolling interest	0.2	0.2	0.1	4%	14%
Net income/ (loss)¹⁰	\$0.5	\$0.5	\$0.4	4%	35%
Memo EBITDA:					
Pre-tax income/ (loss) ¹⁰	0.9	0.9	0.8	3%	15%
Depreciation & amortization	-	-	-	—%	—%
EBITDA¹⁰	\$0.9	\$0.9	\$0.8	2%	14%

Comments

- This financial information excludes results from Anchor and is non-GAAP
- Segment EBITDA margin of 27% slightly below corporate target of 30%

Key Statistics

	2Q18	1Q18	2Q17
Net Flows ¹¹ (\$ in millions)	\$27	(\$15)	(\$26)
Total AUM ¹¹ (\$ in millions)	\$2,031	\$1,920	\$1,829
EBITDA Margin ¹⁰	27%	26%	31%

(10) Operating metrics have been adjusted to exclude the impact of items related to the divestiture of Anchor, including impairment of goodwill. See page 19 for a GAAP to non-GAAP reconciliation

(11) Excluding Anchor

Wealth Advisory Performance Highlights

(\$ in millions)	% Change				
	2Q18	1Q18	2Q17	LQ	Y/Y
Total revenue	\$13.8	\$13.6	\$13.0	2%	6%
Operating expenses	\$9.2	\$10.5	\$8.9	(12%)	3%
Pre-tax income	\$4.6	\$3.1	\$4.1	50%	12%
Income tax expense	1.2	0.8	1.5	54%	(20%)
Noncontrolling interest	0.8	0.6	0.6	36%	20%
Net income	\$2.6	\$1.7	\$1.9	52%	35%
Memo EBITDA:					
Pre-tax income	\$4.6	\$3.1	\$4.1	50%	12%
Depreciation & amortization	0.2	0.2	0.3	—%	(25%)
EBITDA	\$4.8	\$3.3	\$4.3	46%	10%

Comments

- Total revenue increased 6% year-over-year driven by higher levels of assets under management
- Operating expenses increased 3% year-over-year, while decreasing 12% linked quarter. The linked quarter decline was driven by a bonus adjustment in 1Q18 and seasonal payroll compensation
- Segment EBITDA margin of 35% exceeds corporate target of 30%

Key Statistics

	2Q18	1Q18	2Q17
Net Flows (\$ in millions)	(\$30)	\$136	(\$67)
Total AUM (\$ in millions)	\$11,566	\$11,446	\$10,744
EBITDA Margin	35%	24%	33%

APPENDIX

Notes on non-GAAP financial measures

- (1) In addition to presenting the Company's results in conformity with GAAP, the Company uses certain non-GAAP financial measures to provide information for investors to effectively analyze financial trends of ongoing business activities, and to enhance comparability with peers across the financial sector.
- (2) For additional information on non- GAAP financial measures, see page 6 of the 2Q18 BPFH earnings press release. A full reconciliation of GAAP to non-GAAP results can be found in the footnotes of the 2Q18 BPFH earnings press release beginning on page 17.

GAAP to Operating Reconciliation

Consolidated

	(\$ in millions)								
	Consolidated - GAAP			Notable Items ^{1, 5}			Consolidated - Non-GAAP		
	2Q18	1Q18	2Q17	2Q18	1Q18	2Q17	2Q18	1Q18	2Q17
Net interest income	\$ 57.5	\$ 57.4	\$ 57.1	\$ -	\$ -	\$ -	\$ 57.5	\$ 57.4	\$ 57.1
Investment management fees	4.2	11.4	11.1	(1.2)	(8.4)	(8.2)	3.1	3.0	2.8
Core fees and income	31.9	39.4	37.2	(1.2)	(8.4)	(8.2)	30.7	31.0	29.0
Total other income	0.2	0.3	0.8	-	-	-	0.2	0.3	0.8
Total revenue	89.6	97.1	95.2	(1.2)	(8.4)	(8.3)	88.5	88.7	86.9
Salaries and employee benefits	39.4	47.1	43.3	(0.6)	(4.5)	(4.4)	38.8	42.6	38.9
Occupancy and equipment	8.2	7.7	7.3	-	(0.2)	(0.2)	8.2	7.5	7.0
Professional services	2.9	3.2	3.1	(0.1)	(0.5)	(0.3)	2.7	2.7	2.8
Marketing and business development	2.1	1.6	2.0	-	(0.2)	(0.1)	2.0	1.4	1.8
Information systems	6.8	5.9	5.5	-	(0.4)	(0.3)	6.7	5.5	5.2
Amortization of intangibles	0.7	0.8	1.4	-	-	(0.7)	0.7	0.8	0.8
FDIC insurance	0.7	0.7	0.9	-	-	-	0.7	0.7	0.9
Other	3.6	3.9	4.3	(0.1)	(0.7)	(0.3)	3.5	3.2	4.0
Total operating expense	64.4	70.9	67.8	(0.9)	(6.4)	(6.3)	63.4	64.5	61.5
Pre-tax, pre-provision income	25.3	26.3	27.3	(0.2)	(2.0)	(2.0)	25.0	24.3	25.4
Provision expense/ (credit)	0.5	(1.8)	(6.1)	-	-	-	0.5	(1.8)	(6.1)
Pre-tax income	24.8	28.1	33.5	(0.2)	(2.0)	(2.0)	24.6	26.0	31.5
Income tax expense	17.4	6.0	10.0	(12.8)	(0.5)	(0.7)	4.6	5.6	9.3
Discontinued operations	-	1.7	1.1	-	-	-	-	1.7	1.1
Noncontrolling interests	1.0	1.1	1.2	-	(0.3)	(0.4)	0.9	0.7	0.8
Operating net income	\$ 6.4	\$ 22.7	\$ 23.4	\$ 12.6	\$ (1.2)	\$ (0.9)	\$ 19.0	\$ 21.5	\$ 22.5

(1) Operating metrics have been adjusted to exclude notable items and are non-GAAP measures.

(5) Non-GAAP financial measures exclude financial results from Anchor Capital

GAAP to Operating Reconciliation

Investment Management Segment

(\$ in millions)									
	Investment Management - GAAP			Notable Items ⁵			Investment Management - non-GAAP		
	2Q18	1Q18	2Q17	2Q18	1Q18	2Q17	2Q18	1Q18	2Q17
Total revenue	\$4.2	\$11.4	\$11.1	(\$1.2)	(\$8.4)	(\$8.3)	\$3.1	\$3.0	\$2.8
Operating expense	\$3.1	\$8.5	\$8.3	(\$0.9)	(\$6.4)	(\$6.3)	\$2.2	\$2.1	\$2.1
Pre-tax income/ (loss)	\$1.1	\$2.9	\$2.7	(\$0.2)	(\$2.0)	(\$2.0)	\$0.9	\$0.9	\$0.8
Income tax expense	0.2	0.7	0.9	(0.1)	(0.5)	(0.7)	0.2	0.2	0.2
Noncontrolling interests	0.2	0.5	0.5	0.0	(0.3)	(0.4)	0.2	0.2	0.1
Net income/ (loss)	\$0.7	\$1.7	\$1.3	(\$0.1)	(\$1.2)	(\$0.9)	\$0.5	\$0.5	\$0.4
Pre-tax income/ (loss)	1.1	2.9	2.7	(0.2)	(2.0)	(2.0)	0.9	0.9	0.8
Depreciation & amortization	-	-	-	-	-	-	-	-	-
EBITDA	1.1	2.9	3.5	(0.2)	(2.0)	(2.6)	0.9	0.9	0.8
EBITDA margin	27%	26%	31%				30%	30%	29%

(5) Non-GAAP financial measures exclude financial results from Anchor Capital