

**BOSTON PRIVATE**

WEALTH ▫ TRUST ▫ PRIVATE BANKING

# Fourth Quarter & Full Year 2018 Results

January 31, 2019

Anthony DeChellis  
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 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  
2018

Category	Amount	Description	Cause
Other Income	\$18.1 million	Gain on Sale of Affiliate	Divestiture of BOS
Total Expenses	\$1.6 million	Restructuring	Efficiency Initiatives
Taxes	\$3.2 million	Income Tax Expense	Divestiture of BOS
	(\$0.3 million)	Income Tax Expense	Normalizing Factor

(\$ in millions)	Fourth Quarter 2018			Full Year 2018		
	GAAP	Adj.	Operating <sup>1</sup>	GAAP	Adj.	Operating <sup>1</sup>
Net interest income	\$ 60.0	\$ –	\$ 60.0	\$ 234.6	\$ –	\$ 234.6
Core fees and income	28.7	–	28.7	131.6	–	131.6
Total other income	17.2	(18.1)	(1.0)	18.4	(18.1)	0.2
<b>Total revenue</b>	<b>\$ 105.8</b>	<b>(\$ 18.1)</b>	<b>\$ 87.7</b>	<b>\$ 384.6</b>	<b>(\$ 18.1)</b>	<b>\$ 366.4</b>
<b>Total operating expenses</b>	<b>\$ 63.6</b>	<b>(\$ 1.6)</b>	<b>\$ 61.9</b>	<b>\$ 267.4</b>	<b>(\$ 7.8)</b>	<b>\$ 259.5</b>
<b>Pre-tax, pre-provision income</b>	<b>\$ 42.3</b>	<b>(\$ 16.5)</b>	<b>\$ 25.8</b>	<b>\$ 117.2</b>	<b>(\$ 26.0)</b>	<b>\$ 106.9</b>
Provision expense/ (credit)	0.1	–	0.1	(2.2)	–	(2.2)
<b>Pre-tax income</b>	<b>\$ 42.2</b>	<b>(\$ 16.5)</b>	<b>\$ 25.7</b>	<b>\$ 119.4</b>	<b>(\$ 26.0)</b>	<b>\$ 109.1</b>
Income tax expense	8.7	(2.8)	5.8	37.5	(14.2)	23.3
Discontinued operations	0.3	–	0.3	2.0	–	2.0
Noncontrolling interests	0.5	–	0.5	3.5	–	3.5
<b>Net income</b>	<b>\$ 33.3</b>	<b>(\$ 13.7)</b>	<b>\$ 19.6</b>	<b>\$ 80.4</b>	<b>(\$ 11.7)</b>	<b>\$ 84.3</b>
<b>Diluted Earnings Per Share</b>	<b>\$0.42</b>		<b>\$0.26</b>	<b>\$0.92</b>		<b>\$0.97</b>
<b>ROACE</b>	<b>17.9%</b>		<b>10.5%</b>	<b>10.7%</b>		<b>11.2%</b>
<b>ROATCE</b>	<b>20.5%</b>		<b>12.2%</b>	<b>12.5%</b>		<b>13.1%</b>

(1) Operating metrics have been adjusted to exclude Notable Items and are non-GAAP measures. See page 19 for more information  
BOS = Bingham, Osborn & Scarborough, LLC; ROACE = Return on average common equity; ROATCE = Return on average tangible common equity

# Full Year 2018 Highlights

(\$ in millions)

	Reported (GAAP)			Operating <sup>1</sup> (non-GAAP)		
	FY 2018	FY 2017	% chg	FY 2018	FY 2017	% chg
Net interest income	\$234.6	\$224.7	4%	\$234.6	\$224.7	4%
Core fees and income	131.6	152.8	(14)%	131.6	152.8	(14)%
Total other income	18.4	1.2	nm	0.2	2.4	(90)%
<b>Total revenue</b>	<b>\$384.6</b>	<b>\$378.7</b>	<b>2%</b>	<b>\$366.4</b>	<b>\$379.9</b>	<b>(4)%</b>
<b>Total operating expenses</b>	<b>\$267.4</b>	<b>\$299.9</b>	<b>(11)%</b>	<b>\$259.5</b>	<b>\$274.6</b>	<b>(6)%</b>
<b>Pre-tax, pre-provision income</b>	<b>\$117.2</b>	<b>\$78.7</b>	<b>49%</b>	<b>\$106.9</b>	<b>\$105.3</b>	<b>2%</b>
Provision expense/ (credit)	(2.2)	(7.7)	(71)%	(2.2)	(7.7)	(71)%
<b>Pre-tax income</b>	<b>\$119.4</b>	<b>\$86.4</b>	<b>38%</b>	<b>\$109.1</b>	<b>\$113.0</b>	<b>(3)%</b>
Income tax expense	37.5	46.2	(19)%	23.3	33.9	(31)%
Discontinued operations	2.0	4.9	(59)%	2.0	4.9	(59)%
Noncontrolling interests	3.5	4.5	(22)%	3.5	4.5	(22)%
<b>Net income</b>	<b>\$80.4</b>	<b>\$40.6</b>	<b>98%</b>	<b>\$84.3</b>	<b>\$79.5</b>	<b>6%</b>
<b>Diluted EPS</b>	<b>\$0.92</b>	<b>\$0.42</b>		<b>\$0.97</b>	<b>\$0.88</b>	
<b>ROACE</b>	<b>10.7%</b>	<b>5.0%</b>		<b>11.2%</b>	<b>10.1%</b>	
<b>ROATCE</b>	<b>12.5%</b>	<b>7.0%</b>		<b>13.1%</b>	<b>13.6%</b>	

## Highlights

### Capital Return

- Returned \$62.4 million of capital to common shareholders through dividends and share repurchases

### Capital Build

- Tangible Book Value Per Share increased 15% year-over-year to \$8.18 and Tier 1 Common Equity increased to 11.4%<sup>2</sup>

### Divested Affiliates

- Completed divestiture of two affiliates, Anchor Capital Advisors LLC ("Anchor") and Bingham, Osborn, & Scarborough, LLC ("BOS")

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

(2) Estimated

nm = not meaningful

# Consolidated Income Statement

## Reported (GAAP)

(\$ in millions)				% Change	
	4Q18	3Q18	4Q17	LQ	YY
Net interest income	\$60.0	\$59.6	\$57.3	1%	5%
Core fees and income	28.7	31.6	40.2	(9)%	(29)%
Total other income	17.2	0.7	(1.0)	nm	nm
<b>Total revenue</b>	<b>\$105.8</b>	<b>\$92.0</b>	<b>\$96.4</b>	<b>15%</b>	<b>10%</b>
<b>Total operating expenses</b>	<b>\$63.6</b>	<b>\$68.6</b>	<b>\$94.0</b>	<b>(7)%</b>	<b>(32)%</b>
<b>Pre-tax, pre-provision income</b>	<b>\$42.3</b>	<b>\$23.4</b>	<b>\$2.5</b>	<b>81%</b>	<b>nm</b>
Provision expense/ (credit)	0.1	(0.9)	(0.9)	nm	nm
<b>Pre-tax income</b>	<b>\$42.2</b>	<b>\$24.3</b>	<b>\$3.4</b>	<b>74%</b>	<b>nm</b>
Income tax expense	8.7	5.5	21.4	57%	(60)%
Discontinued operations	0.3	-	1.0	nm	(69)%
Noncontrolling interests	0.5	0.9	1.3	(39)%	(58)%
<b>GAAP net income</b>	<b>\$33.3</b>	<b>\$18.0</b>	<b>\$(18.3)</b>	<b>85%</b>	<b>nm</b>

### Comments

- On December 3, 2018, the company completed the sale of its ownership interest in BOS. BOS's results remain consolidated in reported GAAP results through December 3, 2018 and prior periods.
- On April 13, 2018, the company completed the sale of its ownership interest in Anchor. Anchor's results remain consolidated in reported GAAP results through April 13, 2018 and prior periods.
- Changes in GAAP net income primarily driven by gain on sale related to divestiture of BOS in the fourth quarter of 2018. Impairment of goodwill related to divestiture of Anchor and tax expense related to the Tax Cuts and Jobs Act negatively impacted fourth quarter of 2017 results.

# Consolidated Income Statement

## Operating Basis excluding Notable Items and Divested Affiliates (non-GAAP)

(\$ in millions)				% Change	
	4Q18	3Q18	4Q17	LQ	Y/Y
Net interest income	\$60.0	\$59.6	\$57.3	1%	5%
Core fees and income (non-GAAP) <sup>3</sup>	24.9	25.7	26.0	(3)%	(4)%
Total other income (non-GAAP) <sup>1,3</sup>	(1.0)	0.7	0.2	nm	nm
<b>Total revenue (non-GAAP)<sup>3</sup></b>	<b>\$83.9</b>	<b>\$86.1</b>	<b>\$83.5</b>	<b>(3)%</b>	<b>-%</b>
<b>Total operating expenses (non-GAAP)<sup>3</sup></b>	<b>\$59.1</b>	<b>\$58.8</b>	<b>\$58.7</b>	<b>1%</b>	<b>1%</b>
<b>Pre-tax, pre-provision inc. (non-GAAP)<sup>3</sup></b>	<b>\$24.7</b>	<b>\$27.3</b>	<b>\$24.9</b>	<b>(9)%</b>	<b>(1)%</b>
Provision expense/ (credit)	0.1	(0.9)	(0.9)	nm	nm
<b>Pre-tax income (non-GAAP)<sup>3</sup></b>	<b>\$24.6</b>	<b>\$28.2</b>	<b>\$25.8</b>	<b>(13)%</b>	<b>(5)%</b>
Income tax expense (non-GAAP) <sup>1,3</sup>	5.6	6.3	7.9	(11)%	(29)%
Discontinued operations	0.3	-	1.0	nm	(69)%
Noncontrolling interests (non-GAAP) <sup>3</sup>	0.1	0.2	0.3	(29)%	(53)%
<b>Net income (non-GAAP)<sup>1,3</sup></b>	<b>\$19.1</b>	<b>\$21.7</b>	<b>\$18.5</b>	<b>(12)%</b>	<b>3%</b>
Memo:					
Net income (non-GAAP) <sup>1,3</sup>	\$19.1	\$21.7	\$18.5	(12)%	3%
Add: Impact of Notable Items	13.7	(4.6)	(38.9)	nm	nm
Add: Divested Affiliates results	0.5	0.8	2.0	nm	nm
<b>GAAP net income</b>	<b>\$33.3</b>	<b>\$18.0</b>	<b>(\$18.3)</b>	<b>nm</b>	<b>nm</b>

### Comments

- This slide contains non-GAAP financial information that excludes Notable Items (see page 19 for details) and financial results of Divested Affiliates
- Linked quarter pre-tax pre-provision income decline of 10% primarily driven by 3% decline in revenue (see page 7)
- Fourth quarter 2018 results include \$0.3 million related to the unwind of deferred tax liability associated with the Westfield Capital Management revenue share that concluded in the first quarter of 2018
- Year-over-year operating net income increase driven by lower tax rate offset by \$1.0 million swing in loan loss provision

(1) Operating metrics have been adjusted to exclude Notable Items. See page 19 for more information

(3) Metrics exclude financial results from Anchor and BOS ("Divested Affiliates")

# Consolidated Revenue Trends

## Reported (GAAP), unless noted otherwise

	(\$ in millions)			% Change	
	4Q18	3Q18	4Q17	LQ	Y/Y
<b>Net interest income</b>	<b>\$60.0</b>	<b>\$59.6</b>	<b>\$57.3</b>	<b>1%</b>	<b>5%</b>
<b>Noninterest income</b>					
Investment Management fees	2.8	3.2	12.3	(13)%	(77)%
Wealth Advisory fees	12.1	14.0	13.5	(13)%	(10)%
Wealth Management and Trust fees	11.7	11.5	11.8	1%	(1)%
Private Banking fees <sup>4</sup>	2.1	2.8	2.6	(27)%	(21)%
<b>Total core fees and income</b>	<b>\$28.7</b>	<b>\$31.6</b>	<b>\$40.2</b>	<b>(9)%</b>	<b>(29)%</b>
Miscellaneous <sup>5</sup>	17.2	0.7	(1.0)	nm	nm
<b>Total other income</b>	<b>\$17.2</b>	<b>\$0.7</b>	<b>\$(1.0)</b>	<b>nm</b>	<b>nm</b>
<b>Total revenue</b>	<b>\$105.8</b>	<b>\$92.0</b>	<b>\$96.4</b>	<b>15%</b>	<b>10%</b>
<b>Memo: Excluding Notable Items and Divested Affiliates (non-GAAP)</b>					
Investment Management fees (non-GAAP) <sup>3</sup>	\$2.8	\$3.2	\$3.9	(13)%	(27)%
Wealth Advisory fees (non-GAAP) <sup>3</sup>	8.3	8.1	7.8	2%	6%
Total core fees and income (non-GAAP) <sup>3</sup>	24.9	25.7	26.0	(3)%	(4)%
Total other income (non-GAAP) <sup>3</sup>	(1.0)	0.7	0.3	nm	nm
<b>Total operating revenue (non-GAAP)<sup>3</sup></b>	<b>\$83.9</b>	<b>\$86.1</b>	<b>\$83.5</b>	<b>(3)%</b>	<b>-%</b>

### Comments

- This slide contains non-GAAP financial information that excludes Notable Items (see page 19 for details) and financial results of Divested Affiliates
- Miscellaneous includes \$18.1 million gain on sale related to divestiture of BOS
- 4Q18 Total other income metrics include \$0.6 million loss on sale of securities and \$0.8 million of negative revenue related to the decline in value of securities in a rabbi trust associated with the Deferred Compensation Plan
- Investment Management fees (non-GAAP) year-over-year decline primarily driven by the absence of performance fees in 4Q18, compared to \$0.9 million in 4Q17

(3) Metrics exclude financial results from Anchor Capital and BOS ("Divested Affiliates")

(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*, and *Other income*

# Consolidated Expense Trends

## Reported (GAAP)

(\$ in millions)	% Change				
	4Q18	3Q18	4Q17	LQ	Y/Y
Salaries and employee benefits	36.0	38.9	44.6	(8)%	(19)%
Occupancy and Equipment	8.0	8.2	7.8	(2)%	3%
Professional services	4.2	2.9	4.0	47%	5%
Marketing and business development	2.3	1.7	1.9	33%	19%
Information systems	6.3	6.2	5.6	1%	12%
Amortization of intangibles	0.7	0.8	1.3	(9)%	(49)%
Impairment of goodwill	-	-	24.9	nm	nm
FDIC Insurance	0.7	0.7	0.7	10%	9%
Restructuring	2.1	5.8	-	(64)%	nm
Other	3.3	3.4	3.1	(4)%	5%
<b>Total operating expense</b>	<b>\$63.6</b>	<b>\$68.6</b>	<b>\$94.0</b>	<b>(7)%</b>	<b>(32)%</b>

### Comments

- Total operating expense decrease of 7% primarily driven by restructuring expense during 3Q18. Year-over-year change primarily driven by impairment of goodwill expense in 4Q17



# Consolidated Expense Trends

## Operating Basis excluding Notable Items and Divested Affiliates (non-GAAP)

(\$ in millions)				% Change	
	4Q18	3Q18	4Q17	LQ	Y/Y
Salaries and employee benefits <sup>3</sup>	34.0	35.8	37.5	(5%)	(9%)
Occupancy and equipment <sup>3</sup>	7.8	7.9	7.2	(1%)	8%
Professional services <sup>3</sup>	4.1	2.8	3.2	47%	29%
Marketing and business development <sup>3</sup>	2.0	1.6	1.5	28%	38%
Information systems <sup>3</sup>	6.6	6.0	5.1	9%	28%
Amortization of intangibles <sup>3</sup>	0.7	0.7	0.7	(4%)	(4%)
FDIC insurance <sup>3</sup>	0.7	0.7	0.7	6%	9%
Other <sup>3</sup>	3.2	3.3	2.7	(3%)	19%
<b>Total operating expense (non-GAAP)<sup>1,3</sup></b>	<b>\$59.1</b>	<b>\$58.8</b>	<b>\$58.6</b>	<b>1%</b>	<b>1%</b>

### Comments

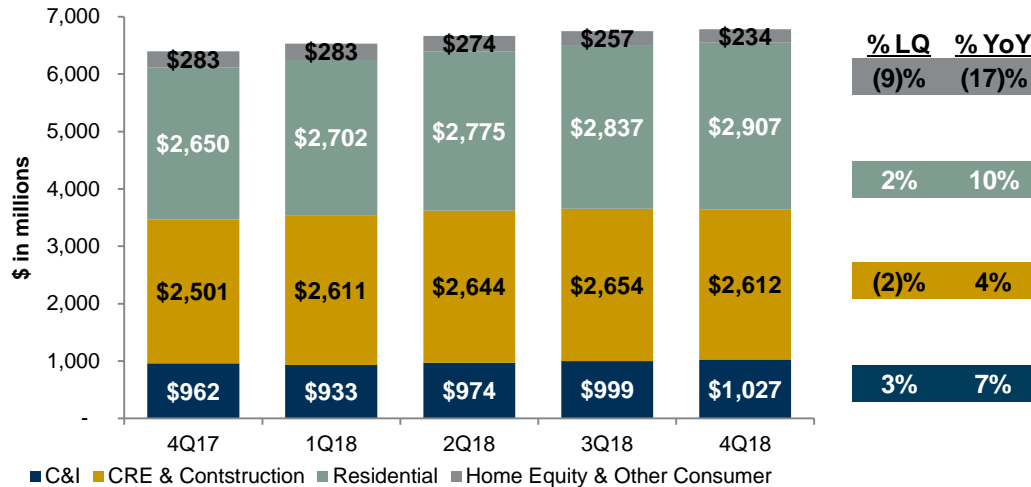
- This slide contains non-GAAP financial information that excludes Notable Items (see page 19 for details) and financial results of Divested Affiliates
- Salaries and employee benefits declined primarily as a result of efficiency initiatives
- Salaries and benefits includes \$0.8 expense reversal related to the Deferred Compensation Plan
- Information systems increase driven primarily by information technology investments

(1) Operating metrics have been adjusted to exclude notable items. See page 19 for more information.

(3) Metrics exclude financial results from Anchor Capital and BOS ("Divested Affiliates")

# Balance Sheet Highlights

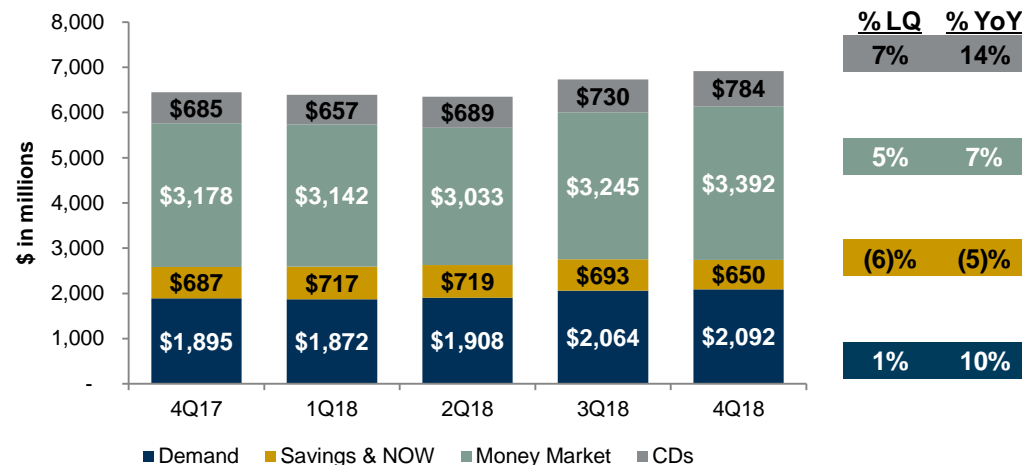
## Average Loans



## Comments

- Average loan to deposit ratio for the quarter was 98%
- Total Average Loans increased 6% year-over-year to \$6.8 billion

## Average Deposits



- Total Average Deposits increased 7% year-over-year to \$6.9 billion

# Consolidated Net Interest Income and Margin

Net interest income (\$ in millions)					
	4Q17	1Q18	2Q18	3Q18	4Q18
<b>Net interest income</b>	<b>\$57.3</b>	<b>\$57.4</b>	<b>\$57.5</b>	<b>\$59.6</b>	<b>\$60.0</b>
Less: Interest recoveries	0.4	0.1	-	1.0	1.0
<b>Core net interest income, non-FTE</b>	<b>\$56.8</b>	<b>\$57.3</b>	<b>\$57.5</b>	<b>\$58.7</b>	<b>\$59.0</b>
Add: FTE adjustment	2.9	1.0	0.9	0.6	0.6
<b>Core net interest income, FTE</b>	<b>\$59.7</b>	<b>\$58.3</b>	<b>\$58.4</b>	<b>\$59.2</b>	<b>\$59.6</b>

Yield/ Cost					
	4Q17	1Q18	2Q18	3Q18	4Q18
Cash and investments	2.32%	2.29%	2.35%	2.41%	2.50%
Loans	3.79%	3.77%	3.84%	4.00%	4.04%
<b>Total interest-earning assets</b>	<b>3.52%</b>	<b>3.51%</b>	<b>3.59%</b>	<b>3.73%</b>	<b>3.79%</b>
Cost of total deposits including DDA	0.37%	0.41%	0.53%	0.68%	0.77%
Interest-bearing deposits	0.53%	0.59%	0.76%	0.98%	1.11%
<b>Total interest-bearing liabilities</b>	<b>0.70%</b>	<b>0.80%</b>	<b>1.00%</b>	<b>1.17%</b>	<b>1.23%</b>
Cost of funds including DDA	0.52%	0.60%	0.75%	0.86%	0.89%
<b>Net interest margin (FTE)</b>	<b>3.04%</b>	<b>2.95%</b>	<b>2.89%</b>	<b>2.93%</b>	<b>2.96%</b>
<b>Core net interest margin (FTE)</b>	<b>3.02%</b>	<b>2.94%</b>	<b>2.89%</b>	<b>2.88%</b>	<b>2.92%</b>
<b>Core net interest margin (non-FTE)</b>	<b>2.87%</b>	<b>2.90%</b>	<b>2.85%</b>	<b>2.85%</b>	<b>2.90%</b>

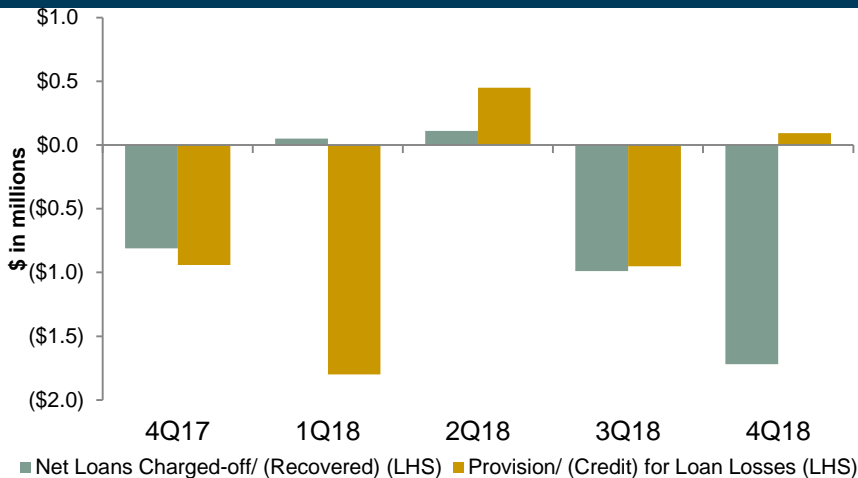
Interest recoveries = Interest recovered on previous nonaccrual loans  
 FTE = fully taxable equivalent

## Comments

- Core net interest income, non-FTE of \$59.0 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 increased 4 basis points linked quarter to 2.92% primarily driven by linked quarter deposit inflows that funded repayment of borrowings, higher asset yields, and lower levels of cash and investments as a percentage of interest-earning assets
- Interest-earning asset category declines from 4Q17 to 1Q18 primarily driven by lower FTE adjustment
- Cost of total deposits increased 9 basis points linked quarter to 0.77%

# Asset Quality

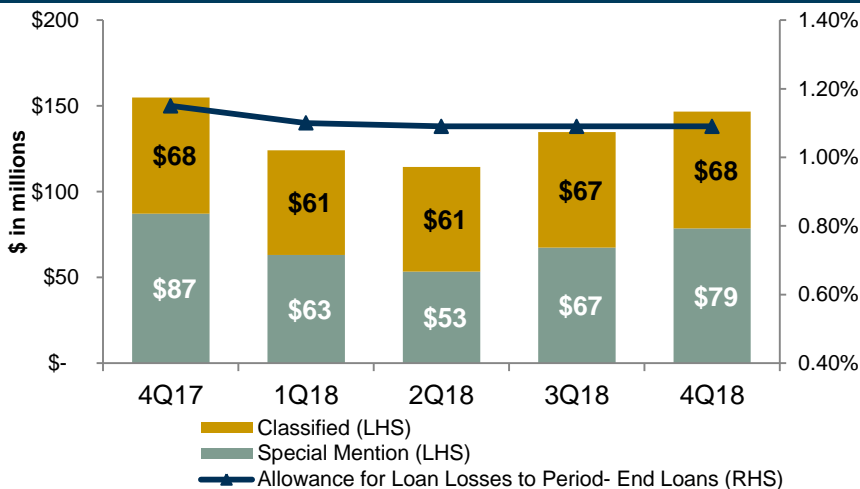
## Net Charge-offs & Provision for Loan Losses



## Comments

- The Company recorded a provision expense of \$0.1 million for the fourth quarter of 2018 primarily driven by loan growth and an increase in criticized loans, offset by net recoveries.

## Criticized Loans & Allowance for Loan Losses



- Total criticized loans as of December 31, 2018 were \$146.6 million, an increase of 9% linked quarter and a decrease of 5% year-over-year
- Allowance for Loan Loss as a percent of Total Loans at December 31, 2018 was 1.09%

# Private Bank Performance Highlights

(\$ in millions)	4Q18	3Q18	4Q17	LQ	Y/Y
Net interest income	\$60.9	\$60.6	\$57.9	1%	5%
Core fees and income	2.1	2.8	2.6	(26)%	(20)%
Total other income	(1.3)	0.5	0.1	nm	nm
<b>Total revenue</b>	<b>\$61.6</b>	<b>\$63.9</b>	<b>\$60.6</b>	<b>(4)%</b>	<b>2%</b>
<b>Total operating expenses (non-GAAP)<sup>1</sup></b>	<b>\$40.3</b>	<b>\$39.5</b>	<b>\$38.6</b>	<b>2%</b>	<b>4%</b>
<b>Pre-tax, pre-provision inc. (non-GAAP)<sup>1</sup></b>	<b>\$21.3</b>	<b>\$24.4</b>	<b>\$22.1</b>	<b>(13)%</b>	<b>(3)%</b>
Provision expense/ (credit)	0.1	(0.9)	(0.9)	nm	nm
<b>Pre-tax income (non-GAAP)<sup>1</sup></b>	<b>\$21.3</b>	<b>\$25.3</b>	<b>\$23.0</b>	<b>(16)%</b>	<b>(8)%</b>
Income tax expense (non-GAAP) <sup>1</sup>	3.5	5.6	8.4	(38)%	(59)%
<b>Net income (non-GAAP)<sup>1</sup></b>	<b>\$17.8</b>	<b>\$19.7</b>	<b>\$14.6</b>	<b>(10)%</b>	<b>22%</b>
Memo:					
Adjustments <sup>6</sup>	0.8	4.1	12.9	nm	nm
<b>GAAP Net income</b>	<b>\$17.0</b>	<b>\$15.6</b>	<b>\$1.8</b>	<b>9%</b>	<b>nm</b>

## Comments

- This slide contains non-GAAP financial information that excludes Notable Items (see page 19 for details)
- Total revenue increased 2% year-over-year driven primarily by Net interest income, partially offset by loss on security sale and negative revenue related to the decline in value of securities in a rabbi trust associated with the Deferred Compensation Plan
- Net income (non-GAAP) increased 22% year-over-year primarily driven by a lower federal income tax rate

## Key Statistics

	4Q18	3Q18	4Q17
Efficiency Ratio (FTE)	64%	61%	61%
Average Loan-to-Deposits Ratio <sup>7</sup>	98%	99%	98%

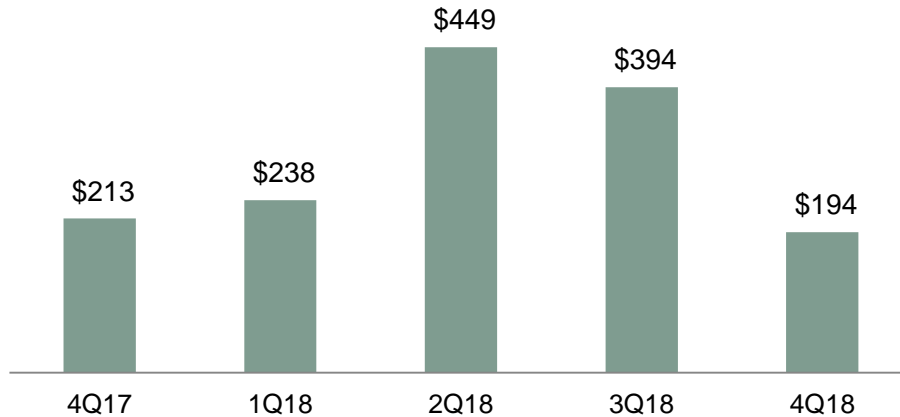
(1) Operating metrics have been adjusted to exclude Notable Items. See page 19 for more information

(6) Adjustments are shown net of tax. 4Q18 and 3Q18 exclude restructuring expense, while 4Q17 adjusted for tax expense related to Tax Cuts and Jobs Act

(7) Private Banking segment only

# Wealth Management & Trust Performance Highlights

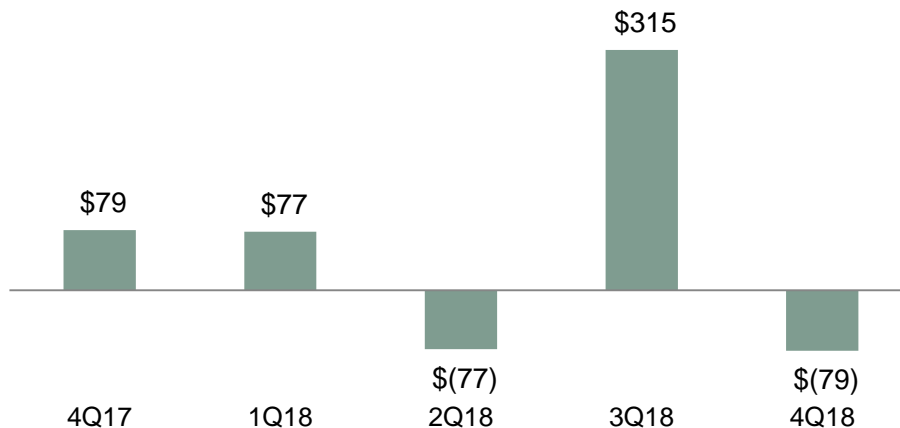
## Wealth Management & Trust - New Business Flows (\$ in millions)



## Comments

- Fourth quarter 2018 New Business Flows were \$194 million

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



- Fourth quarter 2018 Net Flows were negative \$79 million primarily driven by current client outflows

# Wealth Management & Trust Performance Highlights

(\$ in millions)				% Change	
	4Q18	3Q18	4Q17	LQ	Y/Y
<b>Total revenue</b>	<b>\$11.8</b>	<b>\$11.6</b>	<b>\$11.9</b>	<b>1%</b>	<b>(1)%</b>
<b>Operating expenses (non-GAAP)<sup>1</sup></b>	<b>\$10.5</b>	<b>\$10.3</b>	<b>\$11.7</b>	<b>1%</b>	<b>(11)%</b>
<b>Pre-tax income (non-GAAP)<sup>1</sup></b>	<b>\$1.3</b>	<b>\$1.3</b>	<b>\$0.2</b>	<b>3%</b>	<b>nm</b>
Income tax expense (non-GAAP) <sup>1</sup>	0.3	0.3	1.0	4%	(65)%
<b>Net income (non-GAAP)<sup>1</sup></b>	<b>\$1.0</b>	<b>\$1.0</b>	<b>(\$0.9)</b>	<b>3%</b>	<b>nm</b>
Memo:					
Adjustments <sup>8</sup>	(0.1)	0.4	0.0	nm	nm
<b>GAAP net income</b>	<b>1.1</b>	<b>0.5</b>	<b>(0.9)</b>	<b>nm</b>	<b>nm</b>
Pre-tax income (non-GAAP) <sup>1</sup>	\$1.3	\$1.3	0.2	3%	nm
Depreciation & amortization	1.0	1.0	1.0	2%	2%
<b>EBITDA<sup>1</sup></b>	<b>\$2.3</b>	<b>\$2.3</b>	<b>\$1.2</b>	<b>3%</b>	<b>96%</b>

## Comments

- This slide contains non-GAAP financial information that excludes Notable Items (see page 19 for details)
- Total revenue increased 1% linked quarter driven primarily by third quarter AUM inflows
- Operating expenses decreased 11% year-over-year driven primarily by lower compensation and professional services
- Segment Operating Basis EBITDA margin was 20%

## Key Statistics

	4Q18	3Q18	4Q17
Net Flows (\$ in millions)	\$(79)	\$315	\$79
Total AUM (\$ in millions)	\$7,602	\$8,335	\$7,865
EBITDA Margin <sup>1</sup>	20%	20%	10%

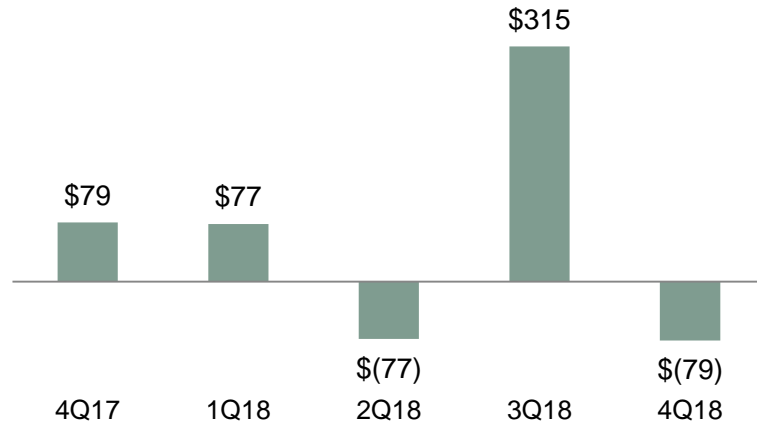
(1) Operating metrics have been adjusted to exclude Notable Items. See page 19 for more information

(8) Adjustments are shown net of tax. 4Q18 and 3Q18 exclude restructuring expense

# Segment AUM Net Flows

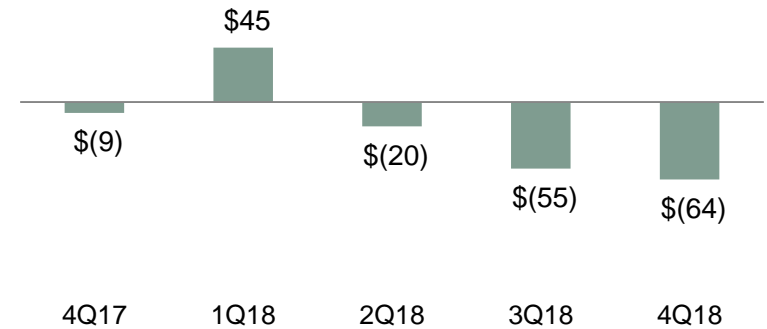
## Wealth Management & Trust

\$ in millions



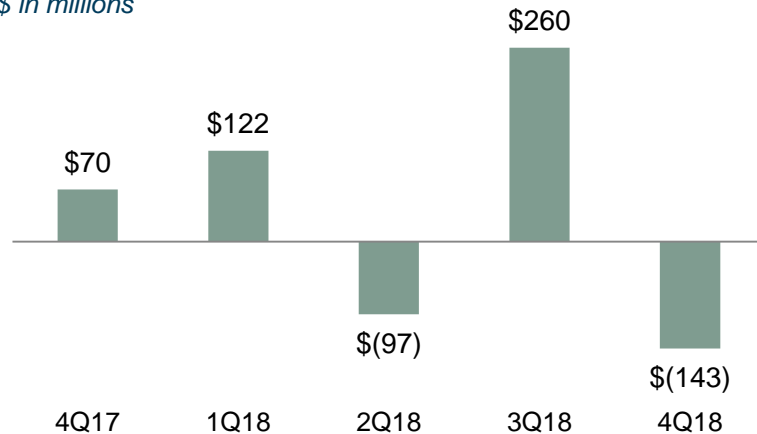
## Affiliate Partners<sup>9</sup>

\$ in millions



## Consolidated<sup>9</sup>

\$ in millions



## Comments

- Affiliate Partners includes results from Dalton, Greiner, Hartman, and Maher (“DGHM”) and KLS Professional Advisors (“KLS”)

(9) Affiliate Partners and Consolidated Net Flows exclude Anchor and BOS (“Divested Affiliates”)



# Affiliate Partners Performance Highlights

## non-GAAP measures excluding Notable Items and Divested Affiliates

(\$ in millions)				% Change	
	4Q18	3Q18	4Q17	LQ	Y/Y
<b>Total revenue<sup>3</sup></b>	<b>\$11.2</b>	<b>\$11.5</b>	<b>\$11.7</b>	<b>(2)%</b>	<b>(4)%</b>
<b>Operating expenses<sup>3</sup></b>	<b>\$7.5</b>	<b>\$7.8</b>	<b>\$6.8</b>	<b>(4)%</b>	<b>10%</b>
<b>Pre-tax income<sup>3</sup></b>	<b>\$3.8</b>	<b>\$3.7</b>	<b>\$4.9</b>	<b>1%</b>	<b>(23)%</b>
Income tax expense <sup>3</sup>	1.1	1.1	2.0	(4)%	(46)%
Noncontrolling interest <sup>3</sup>	0.1	0.2	0.3	(24)%	(51)%
<b>Net income<sup>3</sup></b>	<b>\$2.5</b>	<b>\$2.4</b>	<b>\$2.6</b>	<b>6%</b>	<b>(3)%</b>
Memo:					
Pre-tax income <sup>3</sup>	\$3.8	\$3.7	\$4.9	1%	(23)%
Depreciation & amortization <sup>3</sup>	-	0.1	0.1	nm	nm
<b>EBITDA<sup>3</sup></b>	<b>\$3.8</b>	<b>\$3.8</b>	<b>\$5.0</b>	<b>(0)%</b>	<b>(25)%</b>

### Comments

- This slide contains non-GAAP financial information that excludes Notable Items (see page 19 for details) and financial results of Divested Affiliates
- Affiliate Partners includes results from Dalton, Greiner, Hartman, and Maher (“DGHM”) and KLS Professional Advisors (“KLS”)
- Year-over-year revenue decline of 4% driven by the absence of performance fees in 4Q18 compared to \$0.9 million in 4Q17.
- Segment EBITDA margin of 34% exceeds corporate target of 30%

### Key Statistics

	4Q18	3Q18	4Q17
Net Flows <sup>3</sup> (\$ in millions)	\$(64)	\$(55)	\$(9)
Total AUM <sup>3</sup> (\$ in millions)	\$8,319	\$9,388	\$8,920
EBITDA Margin <sup>3</sup>	34%	33%	43%

(1) Operating metrics have been adjusted to exclude Notable Items. See page 19 for more information

(3) Metrics exclude financial results from Anchor and BOS (“Divested Affiliates”)

# 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 7 of the 4Q18 BPFH earnings press release. A full reconciliation of GAAP to non-GAAP results can be found in the footnotes of the 4Q18 BPFH earnings press release beginning on page 18.

# GAAP to Operating Reconciliation

## Consolidated Basis

	2017				2018				2017	2018
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY	FY
<b>GAAP Net Income</b>	<b>\$15.7</b>	<b>\$23.4</b>	<b>\$19.8</b>	<b>(\$18.3)</b>	<b>\$22.7</b>	<b>\$6.4</b>	<b>\$18.0</b>	<b>\$33.3</b>	<b>\$40.6</b>	<b>\$80.4</b>
Adjustments	-	-	-	38.9	-	13.1	4.6	(13.7)	38.9	3.9
Operating Net income	\$15.7	\$23.4	\$19.8	\$20.6	\$22.7	\$19.5	\$22.5	\$19.6	\$79.5	\$84.3

### Summary of Adjustments “Notable Items”

	2017			2018		
	Cause	Description	Amount	Cause	Description	Amount
1Q	No adjustments			No adjustments		
	<b>Total</b>		<b>\$ -</b>	<b>Total</b>		<b>\$ -</b>
2Q	No adjustments			Divestiture of Anchor	Income tax expense	12.7
	<b>Total</b>		<b>\$ -</b>	Restructuring	Restructuring	0.4
3Q	No adjustments			Normalizing Factor	Income tax expense	(0.1)
	<b>Total</b>		<b>\$ -</b>	<b>Total</b>		<b>\$13.1</b>
4Q	Divestiture of Anchor	Loss on Sale of Affiliate	1.3	Restructuring	Restructuring expense	5.8
	Divestiture of Anchor	Goodwill Impairment	24.9	Normalizing Factor	Income tax expense	(1.2)
	Divestiture of Anchor	Legal Expense	0.4	<b>Total</b>		<b>\$4.6</b>
	Tax Reform Act	Income tax expense	12.9	Divestiture of BOS	Gain on Sale of Affiliate	(18.1)
	Normalizing Factor	Income tax expense	(0.6)	Divestiture of BOS	Income tax expense	3.2
<b>Total</b>			<b>\$38.9</b>	Restructuring	Restructuring expense	1.6
				Normalizing Factor	Income tax expense	(0.3)
<b>2017 Total</b>			<b>\$38.9</b>	<b>Total</b>		<b>(\$13.7)</b>
				<b>2018 Total</b>		<b>\$3.9</b>

# Financial Measures for Remaining Businesses

(\$ in millions)

	Reported (GAAP)			Non-GAAP					
	FY 2018	FY 2017	% chg	Operating Excludes Notable Items only			Excludes Notable Items and Divested Affiliates		
				FY 2018	FY 2017	% chg	FY 2018	FY 2017	% chg
Net interest income	\$234.6	\$224.7	4%	\$234.6	\$224.7	4%	\$234.6	\$224.7	4%
Core fees and income	131.6	152.8	(14)%	131.6	152.8	(14)%	100.9	97.6	3%
Total other income	18.4	1.2	nm	0.2	2.4	(90)%	0.2	2.3	(90)%
<b>Total revenue</b>	<b>\$384.6</b>	<b>\$378.7</b>	<b>2%</b>	<b>\$366.4</b>	<b>\$379.9</b>	<b>(4)%</b>	<b>\$335.7</b>	<b>\$324.6</b>	<b>3%</b>
<b>Total operating expenses</b>	<b>\$267.4</b>	<b>\$299.9</b>	<b>(11)%</b>	<b>\$259.5</b>	<b>\$274.6</b>	<b>(6)%</b>	<b>\$237.4</b>	<b>\$234.3</b>	<b>1%</b>
<b>Pre-tax, pre-provision income</b>	<b>\$117.2</b>	<b>\$78.7</b>	<b>49%</b>	<b>\$106.9</b>	<b>\$105.3</b>	<b>2%</b>	<b>\$98.3</b>	<b>\$90.3</b>	<b>9%</b>
Provision expense/ (credit)	(2.2)	(7.7)	(71)%	(2.2)	(7.7)	(71)%	(2.2)	(7.7)	(71)%
<b>Pre-tax income</b>	<b>\$119.4</b>	<b>\$86.4</b>	<b>38%</b>	<b>\$109.1</b>	<b>\$113.0</b>	<b>(3)%</b>	<b>\$100.5</b>	<b>\$98.0</b>	<b>3%</b>
Income tax expense	37.5	46.2	(19)%	23.3	33.9	(31)%	21.7	29.4	(26)%
Discontinued operations	2.0	4.9	(59)%	2.0	4.9	(59)%	-	-	nm
Noncontrolling interests	3.5	4.5	(22)%	3.5	4.5	(22)%	0.7	0.7	0%
<b>Net income</b>	<b>\$80.4</b>	<b>\$40.6</b>	<b>98%</b>	<b>\$84.3</b>	<b>\$79.5</b>	<b>6%</b>	<b>\$78.1</b>	<b>\$67.9</b>	<b>15%</b>