



BOSTON PRIVATE

WEALTH ▫ TRUST ▫ PRIVATE BANKING



First Quarter 2019 Results


April 18, 2019



Anthony DeChellis
Chief Executive Officer

Steven Gaven
Chief Financial Officer

Paul Simons
President
Private Banking, Wealth & Trust



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.

1Q19 CONSOLIDATED FINANCIAL HIGHLIGHTS

(\$ in millions, except per share data)

		Reported	Notable Items	Operating ¹
Operating Performance	Net Income	\$19.4	\$1.3	\$20.7
	Diluted EPS	\$0.25	\$0.02	\$0.27
	ROACE	10.3%		11.0%
	ROATCE	11.6%		12.4%
Balance Sheet & AUM	Average Deposits	\$6,767		
	Average Loans	\$6,877		
	Total AUM	\$16,122		
	Total net flows	(\$963)		
Capital	Tier 1 Common Equity Ratio ²	11.4%		
	Tangible Book Value Per Share	\$8.47		
Notable Items	\$1.6 million restructuring expense related to executive departures			

(1) Operating metrics have been adjusted to exclude the after-tax impact of notable items and are non-GAAP measures. Tax effect calculated using federal statutory rate of 21%. See page 16 for more information.

(2) Estimated

ROACE = Return on Average Common Equity

ROATCE = Return on Average Tangible Common Equity

CONSOLIDATED INCOME STATEMENT

Reported (GAAP)

(\$ in millions)	% Change				
	1Q19	4Q18	1Q18	LQ	YY
Net interest income	\$58.3	\$60.0	\$57.4	(3)%	2%
Core fees and income	24.3	28.7	39.4	(15)%	(38)%
Total other income	1.0	17.2	0.3	(94)%	nm
Total revenue	\$83.6	\$105.8	\$97.1	(21)%	(14)%
Total operating expenses	\$60.6	\$63.6	\$70.9	(5)%	(15)%
Pre-tax, pre-provision income	\$23.0	\$42.3	\$26.3	(46)%	(13)%
Provision expense/ (credit)	(1.4)	0.1	(1.8)	nm	(22)%
Pre-tax income	\$24.5	\$42.2	\$28.1	(42)%	(13)%
Income tax expense	4.9	8.7	6.0	(44)%	(18)%
Discontinued operations	-	0.3	1.7	(100)%	(100)%
Noncontrolling interests	0.1	0.5	1.0	(80)%	(90)%
GAAP net income	\$19.4	\$33.3	\$22.7	(42)%	(15)%

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.
- Financial results declined on a linked quarter and year-over-year basis primarily driven by the divestiture of BOS

CONSOLIDATED INCOME STATEMENT

Operating basis, excludes Notable Items and Divested Affiliates (non-GAAP)

(\$ in millions)				% Change	
	1Q19	4Q18	1Q18	LQ	Y/Y
Net interest income	\$58.3	\$60.0	\$57.4	(3)%	2%
Core fees and income (non-GAAP) ³	24.3	24.9	25.3	(2)%	(4)%
Total other income (non-GAAP) ^{1,3}	1.0	(1.0)	0.3	nm	nm
Total revenue (non-GAAP)³	\$83.6	\$83.8	\$83.0	–%	1%
Total operating expenses (non-GAAP)³	\$58.9	\$59.1	\$60.3	–%	(2)%
Pre-tax, pre-provision inc. (non-GAAP)³	\$24.7	\$24.7	\$22.7	–%	9%
Provision expense/ (credit)	(1.4)	0.1	(1.8)	nm	(22)%
Pre-tax income (non-GAAP)³	\$26.1	\$24.6	\$24.5	6%	6%
Income tax expense (non-GAAP) ^{1,3}	5.3	5.3	5.3	–%	–%
Discontinued operations	-	0.3	1.7	(100)%	(100)%
Noncontrolling interests (non-GAAP) ³	0.1	0.1	0.2	–%	(50)%
Net income (non-GAAP)^{1,3}	\$20.7	\$19.5	\$20.8	7%	–%
Memo:					
Net income (non-GAAP) ^{1,3}	\$20.7	\$19.5	\$20.8	nm	nm
Add: Impact of Notable Items	1.3	13.4	-	nm	nm
Add: Divested Affiliates results	-	0.5	1.9	nm	nm
GAAP net income	\$19.4	\$33.3	\$22.7	–%	47%

Comments

- This slide contains non-GAAP financial information that excludes Notable Items (see page 16 for details) and financial results of Divested Affiliates
- Year-over-year pre-tax pre-provision income growth of 9%, driven by revenue growth of 1% and 2% decline in operating expenses

CONSOLIDATED REVENUE TRENDS

Reported (GAAP), unless otherwise noted

(\$ in millions)				% Change	
	1Q19	4Q18	1Q18	LQ	Y/Y
Net interest income	\$58.3	\$60.0	\$57.4	(3)%	2%
Noninterest income					
Investment Management fees	2.7	2.8	11.4	(6)%	(77)%
Wealth Advisory fees	8.2	12.1	13.5	(33)%	(40)%
Wealth Management and Trust fees	10.9	11.7	12.2	(7)%	(10)%
Private Banking fees ⁴	2.6	2.1	2.3	24%	10%
Total core fees and income	\$24.3	\$28.7	\$39.4	(15)%	(38)%
Miscellaneous ⁵	1.0	17.2	0.3	(94)%	nm
Total other income	\$1.0	\$17.2	\$0.3	(94)%	nm
Total revenue	\$83.6	\$105.8	\$97.1	(21)%	(14)%
Memo: Excluding Notable Items and Divested Affiliates (non-GAAP)					
Investment Management fees (non-GAAP) ³	\$2.7	\$2.8	\$3.0	(6)%	(11)%
Wealth Advisory fees (non-GAAP) ³	8.2	8.3	7.8	(1)%	4%
Total core fees and income (non-GAAP) ³	24.3	24.9	25.3	(2)%	(4)%
Total other income (non-GAAP) ³	1.0	(1.0)	0.3	nm	nm
Total operating revenue (non-GAAP)³	\$83.6	\$83.8	\$83.0	-%	1%

Comments

- This slide contains non-GAAP financial information that excludes Notable Items (see page 16 for details) and financial results of Divested Affiliates
- Year-over-year Total operating revenue increased 1%, primarily driven by increased Net interest income and Wealth Advisory fees, partially offset by Wealth Management & Trust fees
- 4Q18 Miscellaneous includes \$18.1 million gain on sale related to the divestiture of BOS

(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				
	1Q19	4Q18	1Q18	LQ	YY
Salaries and employee benefits	\$35.7	\$36.0	\$47.1	(1)%	(24)%
Occupancy and Equipment	8.3	8.0	7.7	4%	8%
Professional services	3.6	4.2	3.2	(16)%	12%
Marketing and business development	1.1	2.3	1.6	(52)%	(31)%
Information systems	5.9	6.3	5.9	(7)%	–%
Amortization of intangibles	0.7	0.7	0.8	(1)%	(10)%
FDIC Insurance	0.7	0.7	0.7	(11)%	(11)%
Restructuring	1.6	2.1	-	nm	nm
Other	3.0	3.3	3.9	(9)%	(23)%
Total operating expense	\$60.6	\$63.6	\$70.9	(5)%	(15)%

Comments

- Year-over-year decrease of 15% driven by divestitures of Anchor and BOS

CONSOLIDATED EXPENSE TRENDS

Operating basis, excludes Notable Items and Divested Affiliates (non-GAAP)

(\$ in millions)				% Change	
	1Q19	4Q18	1Q18	LQ	Y/Y
Salaries and employee benefits ³	\$35.7	\$34.0	\$39.3	5%	(9%)
Occupancy and equipment ³	8.3	7.8	7.3	6%	15%
Professional services ³	3.6	4.1	2.6	(14%)	37%
Marketing and business development ³	1.1	2.0	1.3	(47%)	(15%)
Information systems ³	5.9	6.6	5.3	(11%)	10%
Amortization of intangibles ³	0.7	0.7	0.7	–%	(4%)
FDIC insurance ³	0.7	0.7	0.7	(11%)	(11%)
Other ³	3.0	3.2	3.0	(5%)	–%
Total operating expense (non-GAAP)^{1,3}	\$58.9	\$59.1	\$60.3	–%	(2%)

Comments

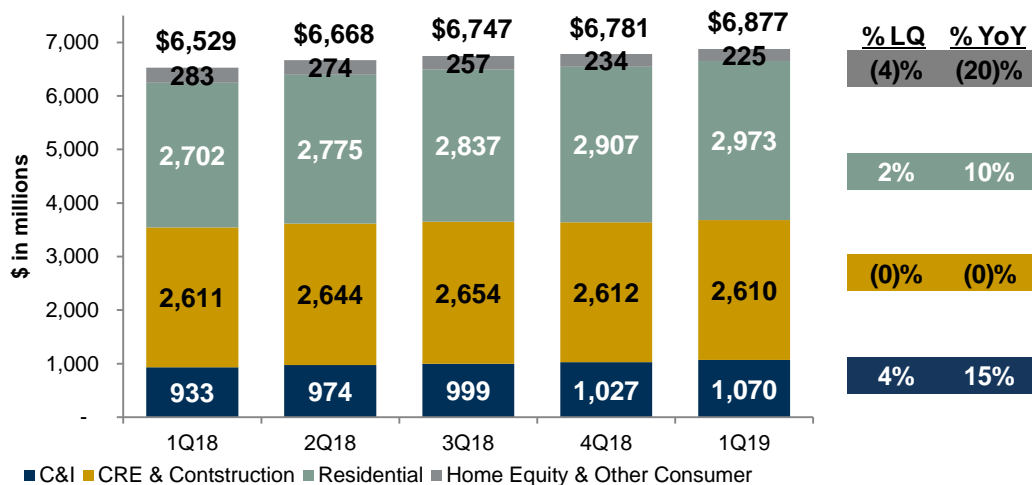
- This slide contains non-GAAP financial information that excludes Notable Items (see page 16 for details) and financial results of Divested Affiliates
- Salaries and employee benefits declined year-over-year primarily as a result of efficiency initiatives
- Information systems expense increase driven primarily by information technology investments

(1) Operating metrics have been adjusted to exclude Notable Items and are non-GAAP measures. See page 16 for more information.

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

BALANCE SHEET HIGHLIGHTS

Average Loans



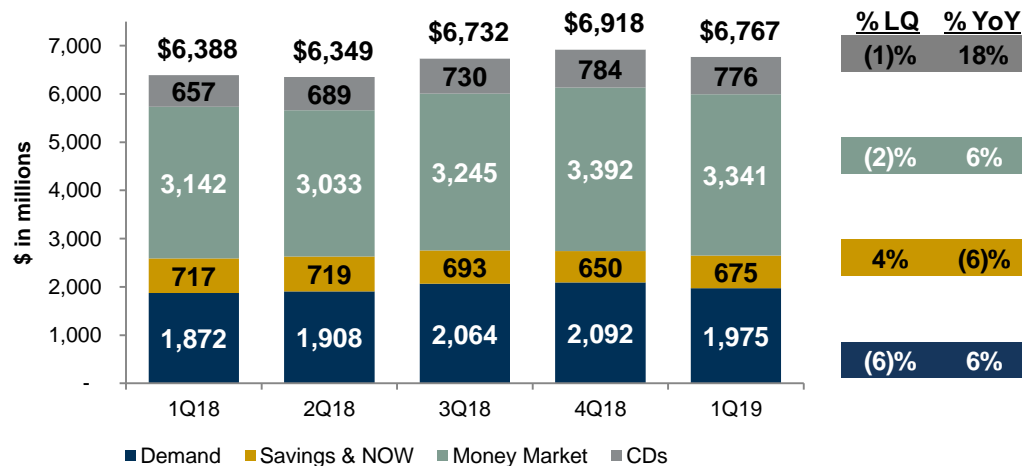
Comments

- 102% average loan to deposit ratio for 1Q19

Total Average Loans

- + 5% year-over-year to \$6.9 billion

Average Deposits



Total Average Deposits

- + 6% year-over-year to \$6.8 billion

CONSOLIDATED NET INTEREST INCOME AND MARGIN

Net interest income (\$ in millions)

	1Q18	2Q18	3Q18	4Q18	1Q19
Net interest income	\$57.4	\$57.5	\$59.6	\$60.0	\$58.3
Less: Interest recoveries	0.1	-	1.0	1.0	0.3
Core net interest income (non-GAAP)	\$57.3	\$57.5	\$58.7	\$59.0	\$58.1

Yield/ Cost

	1Q18	2Q18	3Q18	4Q18	1Q19
Cash and investments	2.15%	2.22%	2.27%	2.35%	2.39%
Loans	3.74%	3.82%	3.99%	4.03%	4.07%
Total interest-earning assets	3.46%	3.55%	3.70%	3.76%	3.83%
Cost of total deposits including DDA	0.41%	0.53%	0.68%	0.77%	0.84%
Interest-bearing deposits	0.59%	0.76%	0.98%	1.11%	1.19%
Total interest-bearing liabilities	0.80%	1.00%	1.17%	1.23%	1.36%
Cost of funds including DDA	0.60%	0.75%	0.86%	0.89%	1.00%
Net interest margin	2.90%	2.85%	2.90%	2.94%	2.90%
Core net interest margin (non-GAAP)	2.90%	2.85%	2.85%	2.90%	2.89%

Comments

Core net interest income (non-GAAP)

- +1% year-over-year
- (2%) linked quarter

Core NIM

- (1 bp) year-over-year
- (1 bp) linked quarter

Loan yields

- +33 bp year-over-year
- +4 bp linked quarter

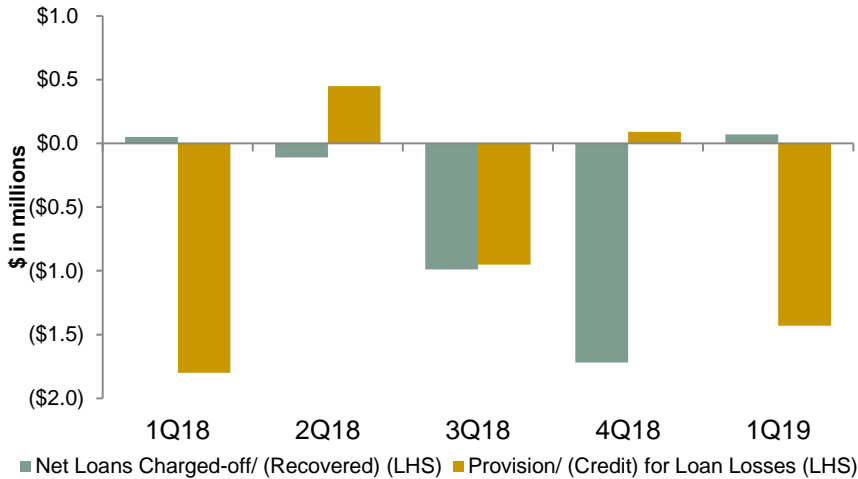
Cost of total deposits, including DDA

- +43 bp year-over-year
- +7 bp linked quarter

Interest recoveries = Interest recovered on previous nonaccrual loans

ASSET QUALITY

Net Charge-offs & Provision for Loan Losses

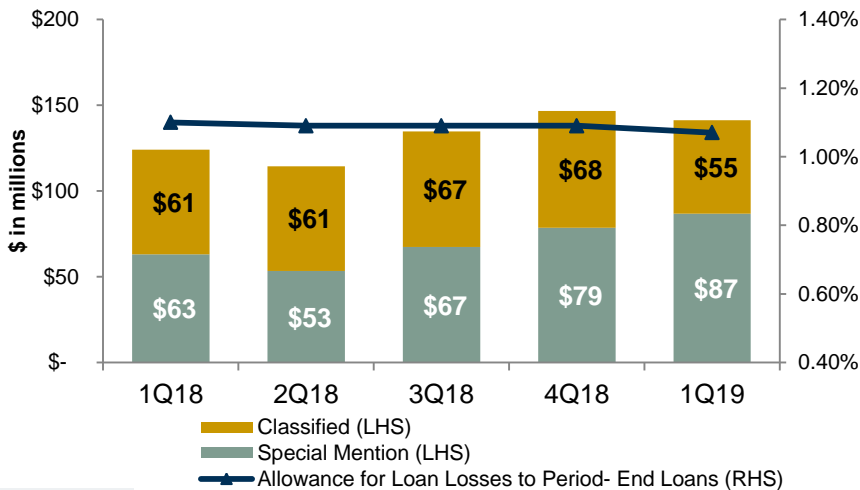


Comments

1Q19 Provision credit of \$1.4 million

- Driven by decline in criticized loans, partially offset by net changes to loss factors

Criticized Loans & Allowance for Loan Losses



Total criticized loans as of 3/31/19 of \$141.3 million

- +14% year-over-year
- (4%) linked quarter
- Allowance for Loan Loss as a percent of Total Loans as of 3/31/19 was 1.07%

PRIVATE BANK PERFORMANCE HIGHLIGHTS

(\$ in millions)	% Change				
	1Q19	4Q18	1Q18	LQ	Y/Y
Net interest income	\$59.3	\$60.9	\$58.1	(3)%	2%
Core fees and income	2.6	2.1	2.3	24%	10%
Total other income	0.7	(1.3)	0.1	nm	nm
Total revenue	\$62.6	\$61.6	\$60.6	2%	3%
Total operating expenses (non-GAAP)¹	\$40.1	\$40.3	\$39.6	–%	1%
Pre-tax, pre-provision inc. (non-GAAP)¹	\$22.6	\$21.3	\$21.0	6%	7%
Provision expense/ (credit)	(1.4)	0.1	(1.8)	nm	(21)%
Pre-tax income (non-GAAP)¹	\$24.0	\$21.3	\$22.8	12%	5%
Income tax expense (non-GAAP) ¹	4.7	3.5	4.6	33%	1%
Operating net income (non-GAAP)¹	\$19.3	\$17.8	\$18.2	8%	6%
Memo:					
Adjustments ⁶	1.0	0.8	-	0.2	nm
GAAP Net income	\$18.3	\$17.0	\$18.2	7%	1%

Comments

- This slide contains non-GAAP financial information that excludes Notable Items (see page 16 for details)
- Pre-tax, pre-provision income increased 7% year-over-year

Key Statistics

	1Q19	4Q18	1Q18
Efficiency Ratio	64%	65%	65%
Average Loan-to-Deposits Ratio ⁷	102%	98%	101%

(1) Operating metrics have been adjusted to exclude Notable Items and are non-GAAP measures. See page 16 for more information

(6) Adjustments are shown net of tax. 1Q19 and 4Q18 adjust for restructuring expense

(7) Private Banking segment only

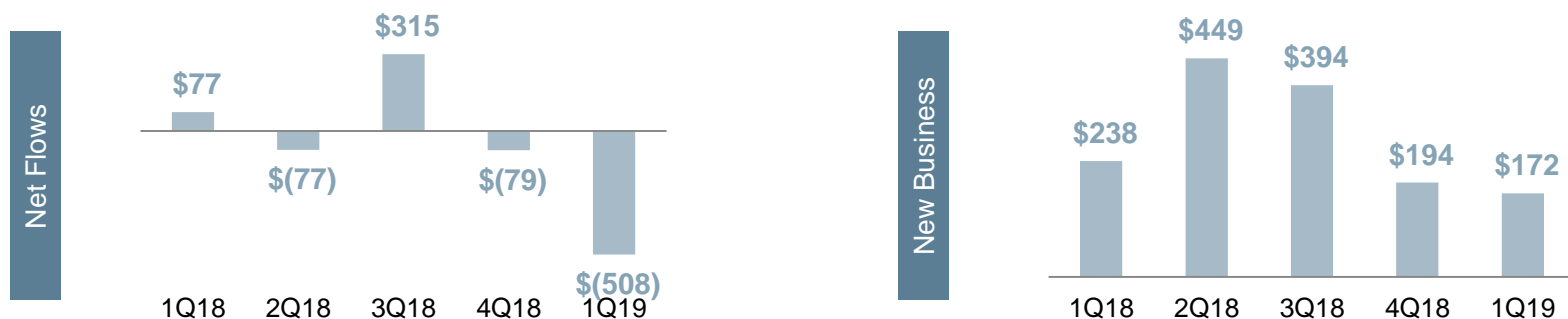
WEALTH MANAGEMENT & TRUST PERFORMANCE HIGHLIGHTS

(\$ in millions)	% Change				
	1Q19	4Q18	1Q18	LQ	Y/Y
Total revenue	\$11.0	\$11.8	\$12.3	(7)%	(11)%
Operating expenses (non-GAAP)¹	\$9.9	\$10.5	\$10.7	(5)%	(7)%
Pre-tax income (non-GAAP)¹	\$1.1	\$1.3	\$1.6	(29)%	(38)%
Income tax expense (non-GAAP)	0.3	0.3	0.5	(5)%	(43)%
Net income (non-GAAP)¹	\$0.8	\$1.0	\$1.1	(20)%	(27)%
Memo:					
Adjustments ⁸	0.3	(0.1)	-	nm	nm
GAAP net income	0.5	1.1	1.1	(53)%	(53)%
Pre-tax income (non-GAAP) ¹	\$1.1	\$1.3	\$1.6	(15)%	(31)%
Depreciation & amortization	1.0	1.0	1.0	(4)%	(4)%
EBITDA¹	\$2.1	\$2.3	\$2.6	(9)%	(19)%
<i>EBITDA Margin</i>	19%	20%	21%		

Comments

- This slide contains non-GAAP financial information that excludes Notable Items (see page 16 for details)
- Segment Operating Basis EBITDA margin was 19%
- Segment EBITDA of \$2.1 million, down 19% year-over-year primarily driven by lower revenue
- Operating expenses decreased 8% year-over-year driven primarily by efficiency initiatives

Assets Under Management / Advisory Trends (\$ in millions)



(1) Operating metrics have been adjusted to exclude Notable Items and are non-GAAP measures. See page 16 for more information

(8) Adjustments are shown net of tax. 1Q19 and 4Q18 results adjust for restructuring expense

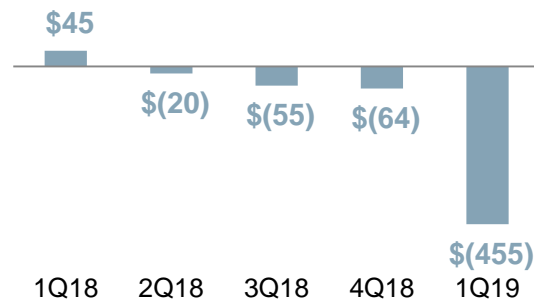
AFFILIATE PARTNERS PERFORMANCE HIGHLIGHTS

(\$ in millions)			% Change		
	1Q19	4Q18	1Q18	LQ	Y/Y
Total revenue ³	\$10.9	\$11.2	\$10.9	(3)%	–%
Operating expenses ^{1,3}	\$7.5	\$7.5	\$8.5	–%	(12)%
Pre-tax income ^{1,3}	\$3.4	\$3.8	\$2.4	(11)%	42%
Income tax expense ^{1,3}	1.1	1.1	0.7	–%	57%
Noncontrolling interest ³	0.1	0.1	0.2	–%	(50)%
Net income ^{1,3}	\$2.2	\$2.5	\$1.5	(12)%	47%
Memo:					
Pre-tax income ³	\$3.4	\$3.8	\$2.4	(11)%	42%
Depreciation & amortization ³	0.1	0.1	0.1	nm	nm
EBITDA ³	\$3.6	\$3.9	\$2.5	(8)%	44%
<i>EBITDA margin</i>	33%	35%	23%		

Comments

- This slide contains non-GAAP financial information that excludes Notable Items (see page 16 for details) and financial results of Divested Affiliates
- Segment EBITDA margin of 33% exceeds corporate target of 30%
- EBITDA of \$3.6 million, up 44% year-over-year

Net Flows – 5Q Trend (\$ in millions)





APPENDIX

NON-GAAP RECONCILIATION

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. For additional information on non-GAAP financial measures, see page 7 of the 1Q19 BPFH earnings press release. A full reconciliation of GAAP to non-GAAP results can be found in the footnotes of the 1Q19 BPFH earnings press release beginning on page 15.

	2018				2019				2018	2019
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY	YTD
GAAP Net Income	\$22.7	\$6.4	\$18.0	\$33.3	\$19.4	\$ -	\$ -	\$ -	\$80.4	\$19.4
Adjustments	-	13.1	4.6	(13.4)	1.3	-	-	-	4.2	1.3
Operating Net income	\$22.7	\$19.5	\$22.5	\$19.9	\$20.7	\$ -	\$ -	\$ -	\$84.6	\$20.7

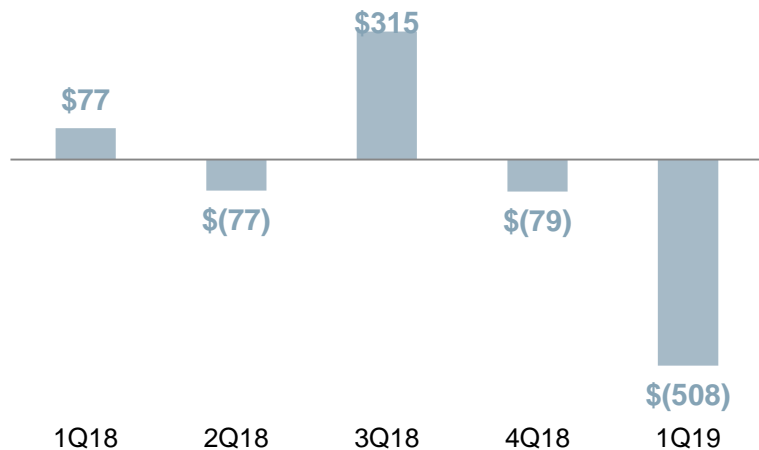
Summary of Adjustments "Notable Items"

	2018		
	Cause	Description	Amount
1Q	No adjustments		
	Total		\$ -
2Q	Divestiture of Anchor	Income tax expense	12.7
	Restructuring	Restructuring	0.4
	Normalizing Factor	Income tax expense	(0.1)
	Total		\$13.1
3Q	Restructuring	Restructuring expense	5.8
	Normalizing Factor	Income tax expense	(1.2)
	Total		\$4.6
4Q	Divestiture of BOS	Gain on Sale of Affiliate	(18.1)
	Divestiture of BOS	Income tax expense	3.5
	Restructuring	Restructuring expense	1.6
	Normalizing Factor	Income tax expense	(0.3)
Total		(\$13.4)	
2018 Total		\$4.2	

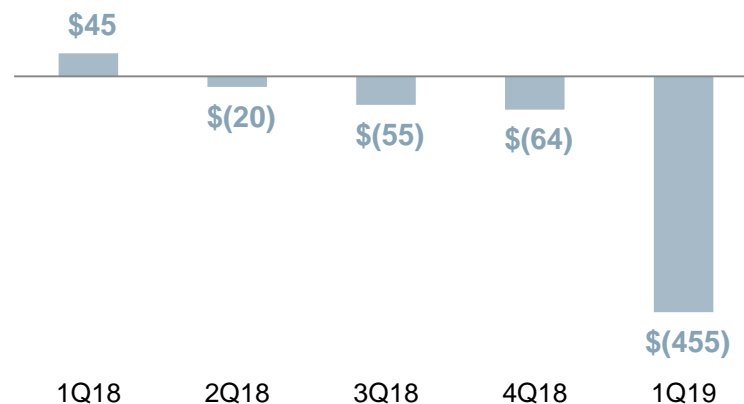
	2019	
	Cause	Description
Restructuring	Restructuring expense	1.6
Normalizing factor	Income tax expense	(0.3)
Total		\$1.3
2019 YTD		\$1.3

SEGMENT AUM NET FLOWS

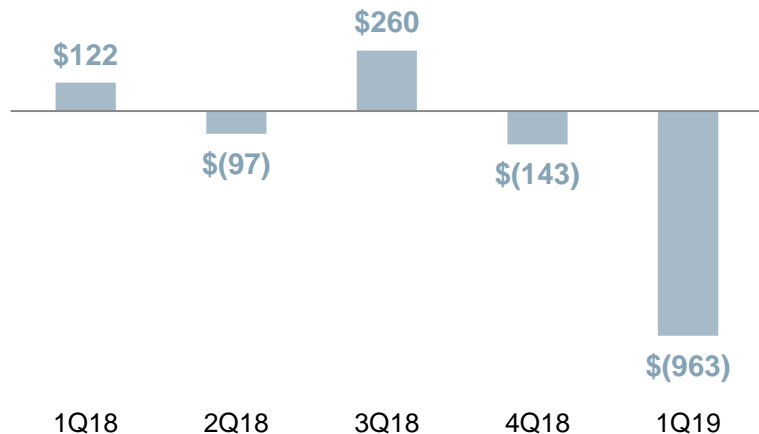
Wealth Management & Trust (\$ in millions)



Affiliate Partners⁹ (\$ in millions)



Consolidated⁹ (\$ 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”)