



BOSTON PRIVATE

FINANCIAL HOLDINGS, INC.

Investor Presentation

Clayton G. Deutsch
CEO and President

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CFO

Q2 2011

Forward Looking Statement

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 the effects of charges and expenses related to the consummation of mergers and acquisitions, as well as, excluding other 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.

Statements in this presentation 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, which are based on certain assumptions and describe our future plans, strategies and expectations, 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 in 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, changes in assumptions or unanticipated factors adversely affecting the timing, among other matters, of expenses or cost savings relating to or resulting from the consolidation of the Company’s banking subsidiaries; adverse conditions in the capital and debt markets and the impact of such conditions on the Company’s private banking, investment management and wealth advisory activities; changes in interest rates; competitive pressures from other financial institutions; the effects of continuing deterioration in general economic conditions on a national basis or in the local markets in which the Company operates, including changes which adversely affect borrowers’ ability to service and repay our loans; changes in loan defaults and charge-off rates; changes in the value of securities and other assets, adequacy of loan loss reserves, or deposit levels necessitating increased borrowing to fund loans and investments; increasing government regulation, such as the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010; the risk that goodwill and intangibles recorded in the Company’s financial statements will become impaired; and risks related to the identification and implementation of acquisitions; changes in assumptions used in making such forward looking statements, as well as the other risks and uncertainties detailed in the Company’s Annual Report on Form 10-K, as 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 statements are made.

Forward Looking Statement

Please note that the loan classifications are assessments made by the Company of the status of the loans based on the facts and circumstances known to the Company, including management's judgment, at the time of assessment. Some or all of these classifications may change in the future if there are unexpected changes in the financial condition of the borrower, including but not limited to, changes resulting from continuing deterioration in general economic conditions on a national basis or in the local markets in which the Company operates adversely affecting, among other things, real estate values. Such conditions, as well as other factors which adversely affect borrowers' ability to service or repay loans, typically result in changes in loan default and charge-off rates, and increased provisions to loan loss reserves, which adversely affect the financial performance and financial condition of companies such as Boston Private. These circumstances are not entirely foreseeable and as a result may not be able to be accurately reflected in the Company's analysis of credit risk.

In particular, loans that form the category "Special Mention" are considered more variable than other categories, since they will typically migrate through categories more quickly.

Our Priorities

Beginning in Q3 2010 BPFH underwent a fundamental strategic shift and announced the following priorities:

1. Strengthen our balance sheet and reduce risk in the Company
2. Improve our core performance
 - Create one high performing Private Bank
 - Improve the performance of our Wealth Managers
 - Take cost out of the Company

Update: Strengthen and De-Risk

What We Said in Q3 10

- Drive down problem loans
- Remix the balance sheet
- Boost our capital strength

What We've Done Since*

- Classified Loans down 26%
- NPLs down 44%
- CRE down 12%
- Construction/land down 38%
- Residential Mortgage up 8%
- C&I up 3%
- TCE/RWA up 60 bps to 10.2%

Our Loan Portfolio At A Glance (As of June 30, 2011)

<i>(\$millions)</i>	NE	SF Bay Area	Scal	PacNw	Total*
Resi Mortgage	\$1,218	\$321	\$177	\$52	\$1,768
HELOC/Cons	\$231	\$66	\$17	\$7	\$323
C&I	\$480	\$60	\$45	\$34	\$620
CRE	\$625	\$670	\$170	\$102	\$1,568
<u>Constr/Land</u>	<u>\$78</u>	<u>\$42</u>	<u>\$3</u>	<u>\$7</u>	<u>\$130</u>
Total Loans	\$2,634	\$1,160	\$413	\$202	\$4,409

Q2 11 Portfolio Facts:

Resi Mortgage

40% of total portfolio
46% '09 - '10 Vintages
NCOs of 5 bps

C&I

14% of total portfolio
77% in NE
NCOs of 5 bps

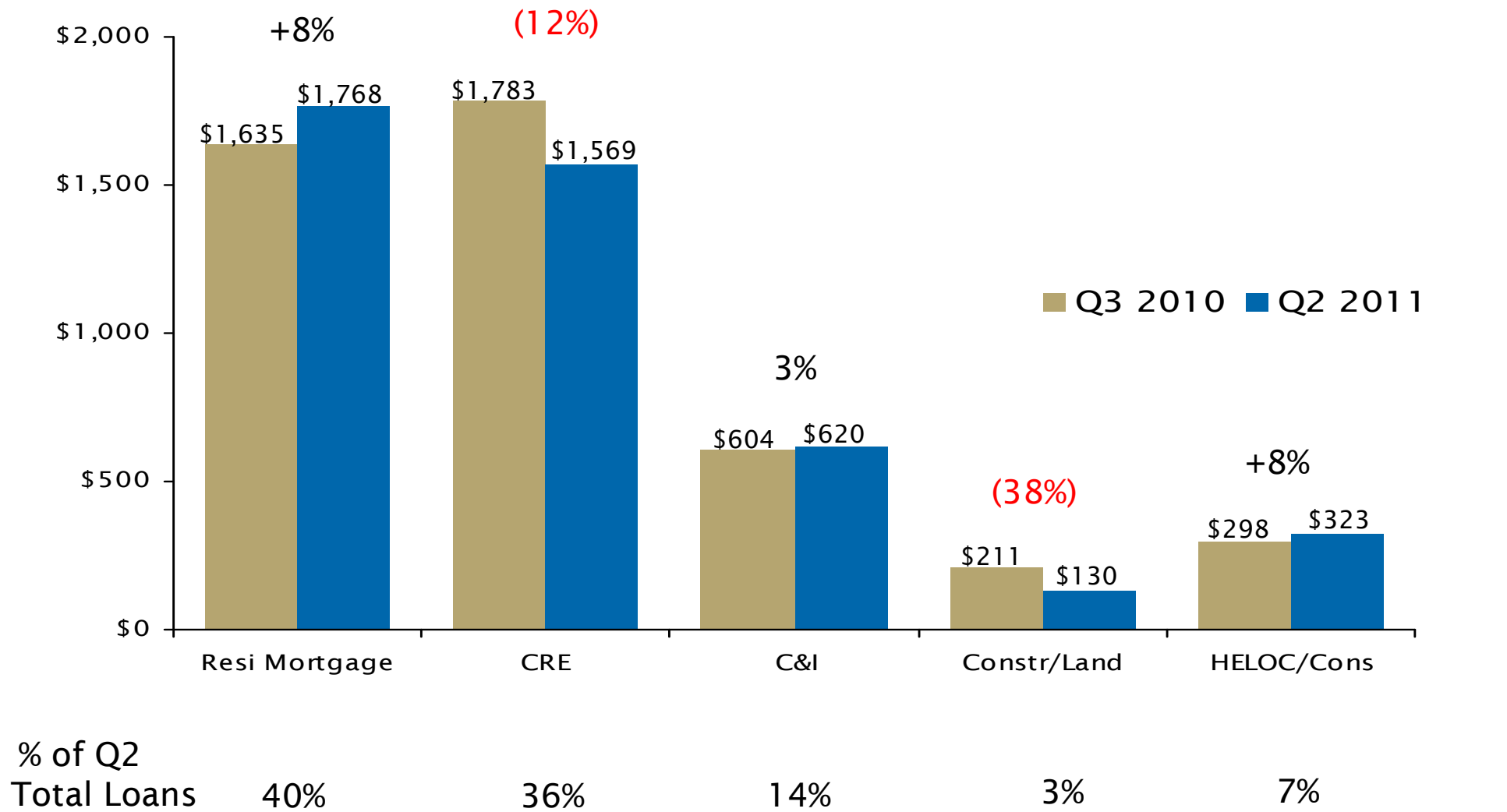
CRE/Construction

39% of total portfolio
78% of criticized loans
NCOs of (14) bps

59% of Non-Accrual Loans
are paying as agreed

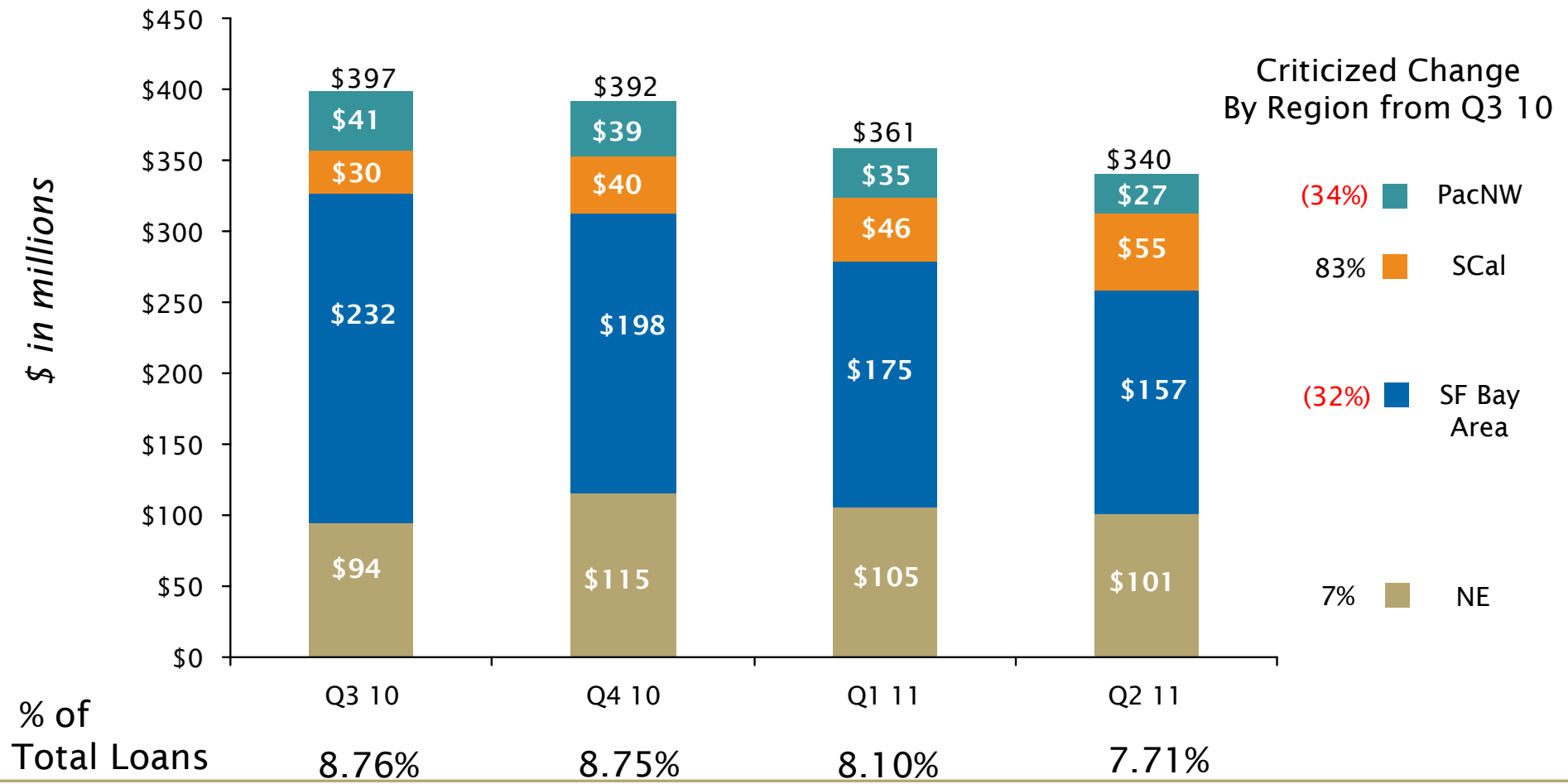
*Includes eliminations and misc. non-bank loans

Evolution of Our Loan Portfolio



Criticized Loans By Region (Classified + Special Mention*)

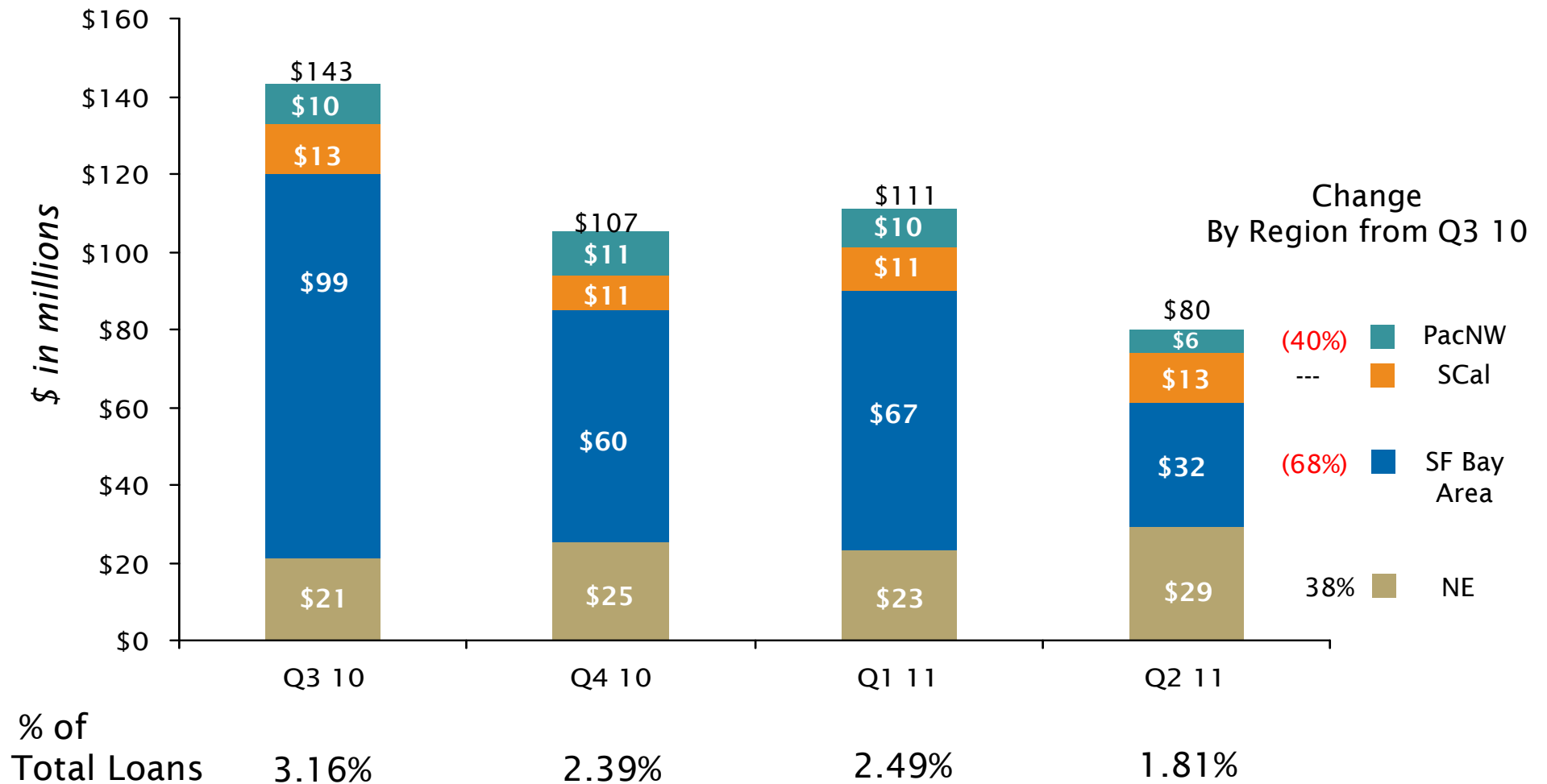
Criticized Loans declined 14% from Q3 10
Classified Loans declined 26% from Q3 10



*Special Mention is a "Pass Rated" loan but is used as a transitory category with higher volatility

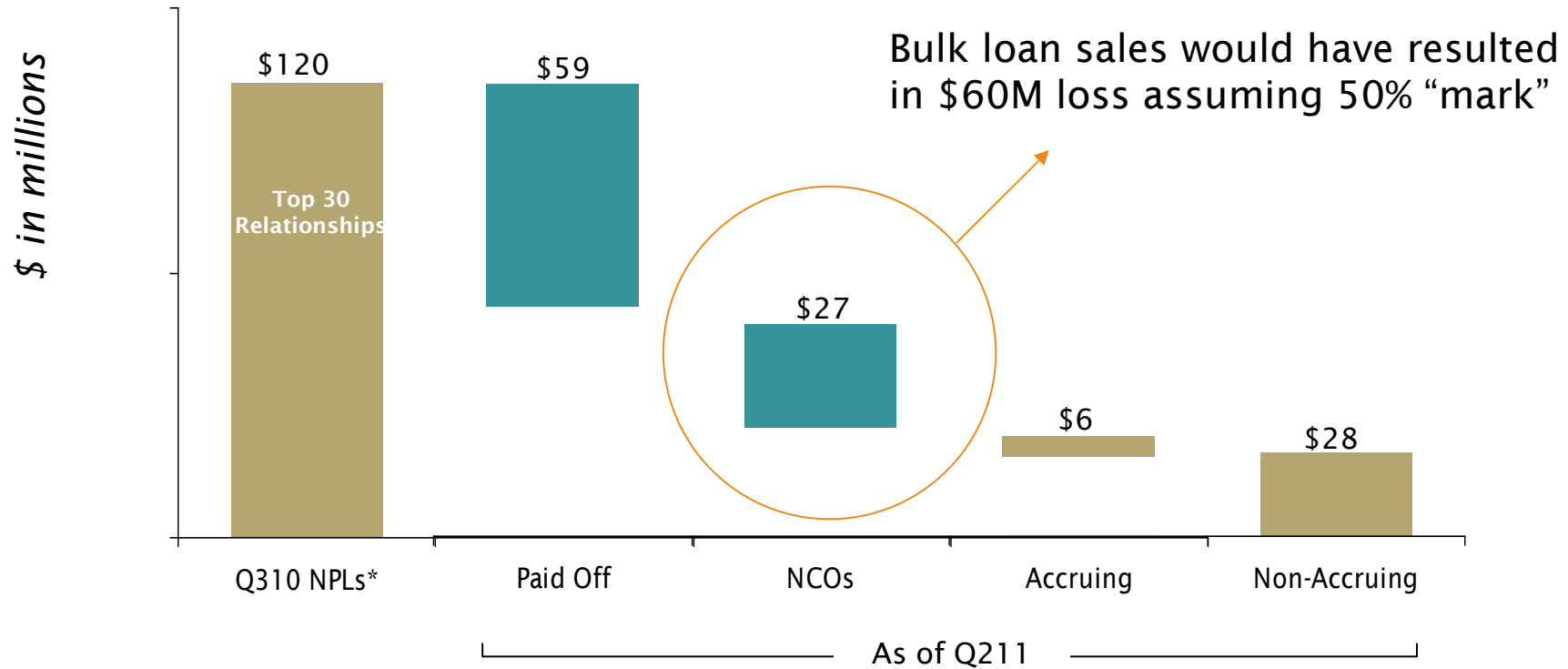
Non-Performing Loans By Region

Non-Performing Loans declined 44% from Q3 10



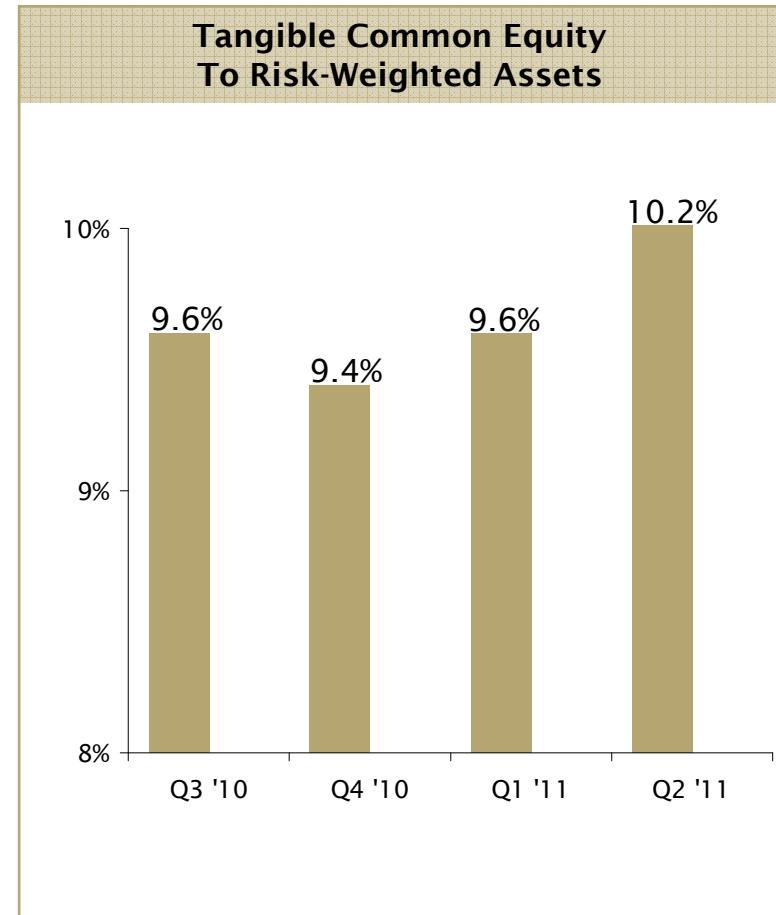
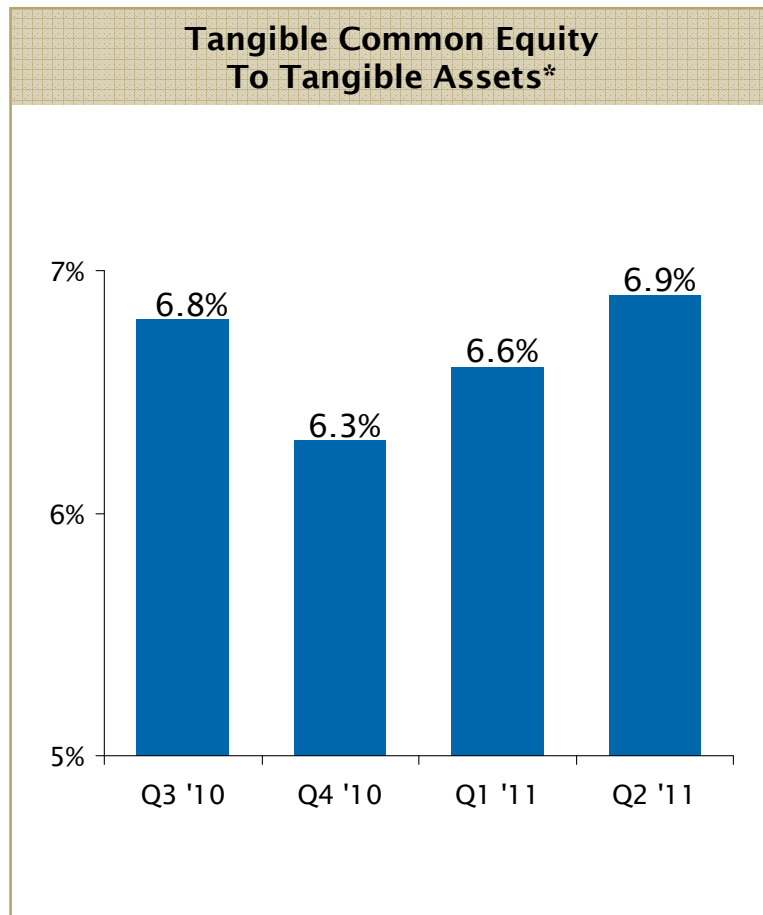
Benefit of Loan Workouts

\$30M of potential losses avoided by working out problem assets versus executing bulk sales



*\$143M in Total NPLs in Q3 10

Stronger Capital Position



*Includes Carlyle Preferreds and the redeemable non-controlling interest

Improve Our Core Performance

- Create one high performing Private Bank
- Realize greater growth and performance from our Wealth Managers
- Take cost out of the Company

Create One High Performing Private Bank

- Four banks successfully merged on May 27, 2011 into Boston Private Bank & Trust Company
- One unified management team in place since January, 2011
- Four product teams, centrally led across all markets
- One bank board of 15 directors (versus 46 pre-merger)
- Simplified regulatory oversight
 - Now regulated by State of MA and FDIC
- Strong, consolidated balance sheet, improved asset/liability management, and improving earnings
- Additional opportunities for efficiency and business line growth extending through 2011 and 2012

Private Banking Group Performance Highlights

(\$millions)	Q3 2010	Q2 2011	% Change	Results Driven By:
NII	\$48.8	\$47.8	(2%)	NIM defense despite the current market and competitive environment
Fees*	\$7.3	\$7.3	---	
<u>Other Revenue**</u>	<u>\$1.4</u>	<u>\$2.6</u>	<u>86%</u>	
Total Revenue	\$57.5	\$57.7	---	Expense controls/cost reductions beginning to register
Operating Expenses	\$37.5	\$37.1	(1%)	
Restructuring	---	\$3.6	NM	Anticipate approximately \$8M in merger-related charges \$6.2M already expensed
Total Expenses	\$37.5	\$40.7	9%	
PTPP***	\$20.0	\$17.0	(15%)	
<u>Provision</u>	<u>\$32.1</u>	<u>(\$2.2)</u>	<u>NM</u>	Reflects asset quality improvement and portfolio remix
Pre-Tax (Loss)/Income	(\$12.0)	\$19.2	NM	
Efficiency Ratio (ex-restructuring)	65%	64%	1 pt	

*Includes IM&T fees and other private banking fees

**Includes gain on sale of investments, loans and other

***Pre-tax, pre-provision income

Harness Power of Wealth Managers

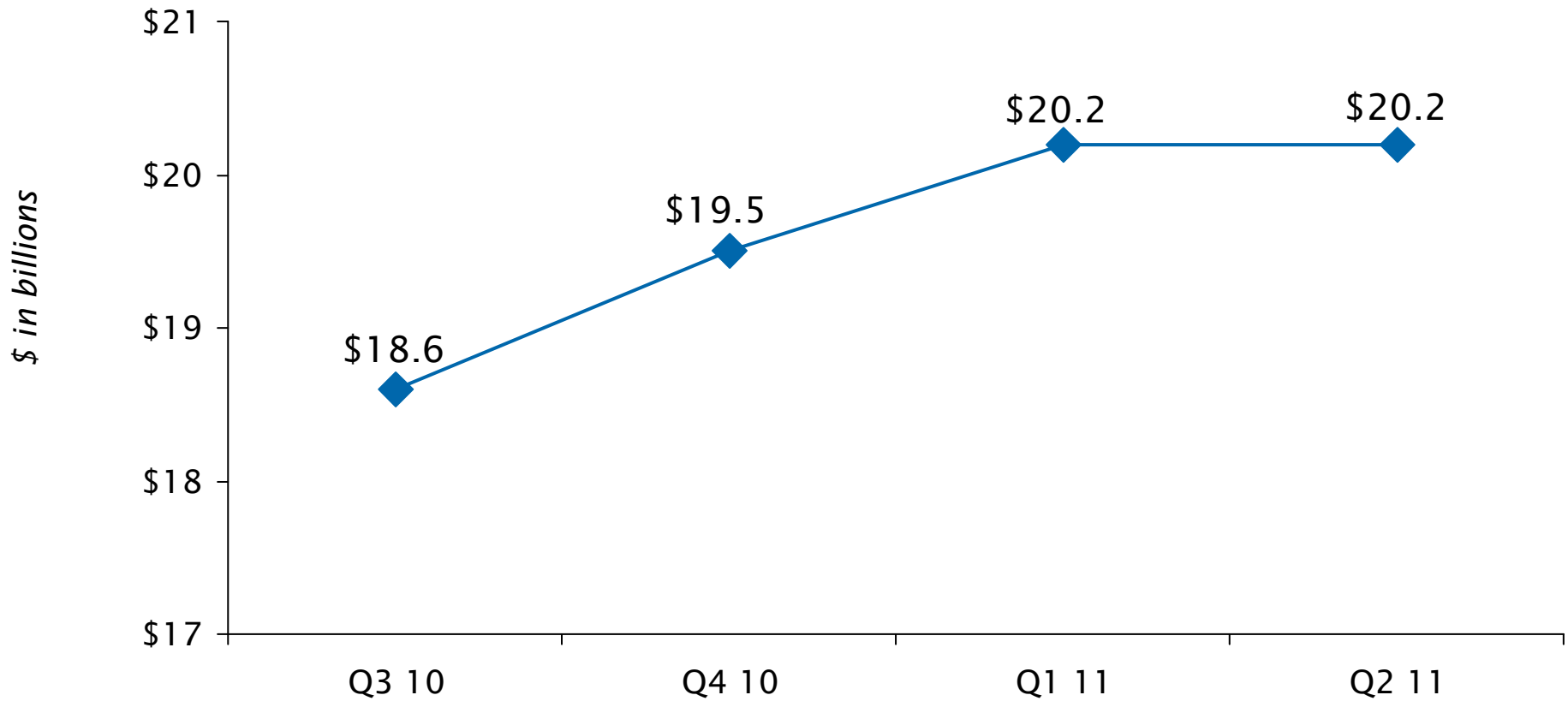
- Rationalizing the historic portfolio
 - Sold non-strategic minority interest in Q1 11, booked \$459K gain
 - Investing in sales and marketing efforts of our remaining five Wealth Management firms
- Realizing revenue growth with stable pricing and margin expansion
- Targeting 5% flows, 10% top line revenue growth and EBITDA margin of 30%
- Actual year-to-date experience is negative flows, 10% revenue growth, and EBITDA margin of 29%
 - Wealth Advisors producing consistent inflows
 - Investment Managers experiencing mixed flows

Wealth Management Performance Highlights

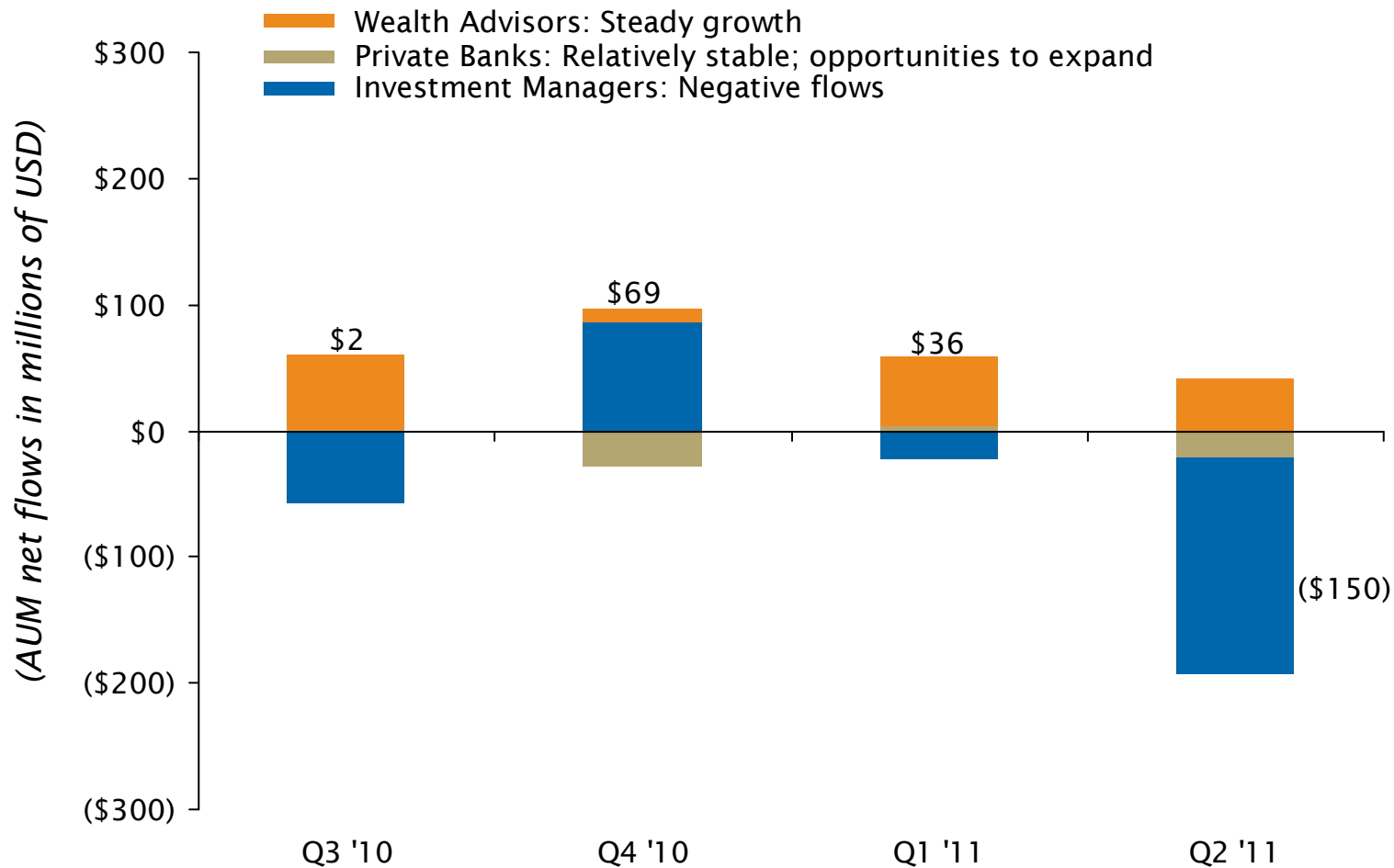
<i>(\$millions)</i>	Q3 2010	Q2 2011	% Change	
Inv Mgt Fees	\$8.7	\$10.3	18%	Results Driven By: Revenue growth across all firms, with stable pricing
Wealth Adv Fees	\$9.5	\$10.3	8%	
Total Revenue	\$18.3	\$20.6	13%	
<u>Operating Expenses</u>	<u>\$14.6</u>	<u>\$15.8</u>	<u>8%</u>	Expense growth driven primarily by talent additions vs. comp
Pre-Tax Income	\$3.6	\$4.8	33%	
EBITDA Margin	27%	29%	7%	Positive operating leverage, translating into margin expansion
Pre-tax Margin	20%	23%	15%	
AUM (\$B)	\$15.1	\$16.5	9%	
Net Flows (\$M)	\$1	(\$129)	NM	

Assets Under Management

AUM up 9% from Q3 10



AUM Net Flows



Excluding market changes and acquisitions


Individual Affiliate Initiatives

Investment Management focus on:

- New markets (US and non-US)
- New channels (premier distribution-rich firms, RIA channel, family office channel)
- Opening up the Private Bank channel

Wealth Advisory focus on:

- Client acquisition initiatives, marketing and sales investments
- New markets and market extension initiatives



All Wealth Management firms focused on growth in a challenging environment

Holding Company Costs – Linked Quarter

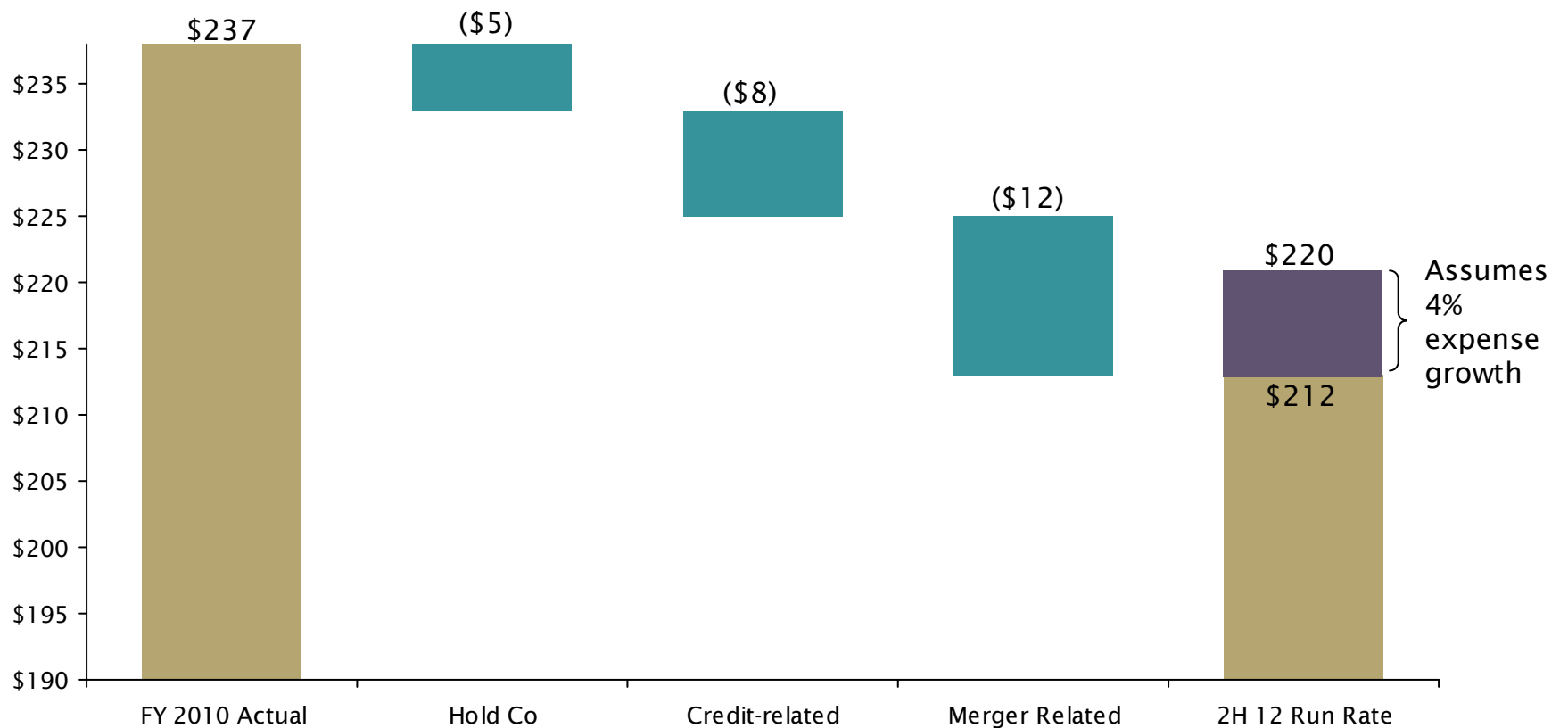
<i>(\$millions)</i>	Q3 2010	Q2 2011	% Change	
NII	(\$2.4)	(\$1.8)	25%	Results Driven By: Repurchased \$5M in TRUPS at 40% discount
<u>Other Revenue</u>	<u>\$0.4</u>	<u>\$1.8</u>	<u>NM</u>	
Total Revenue	(\$2.0)	---	NM	Significant reduction in Holding Company expense intensity
Operating Expenses	\$8.9	\$5.2	(42%)	
Restructuring	---	\$0.7	NM	
Total Expenses	\$8.9	\$5.9	NM	
<u>Westfield Payment*</u>	<u>\$1.7</u>	<u>\$2.7</u>	<u>59%</u>	
HoldCo Pre-Tax Loss	(\$9.2)	(\$3.2)	65%	

*12.5% revenue share through 2017, shown net of tax in Discontinued Operations

BPFH Cost Program

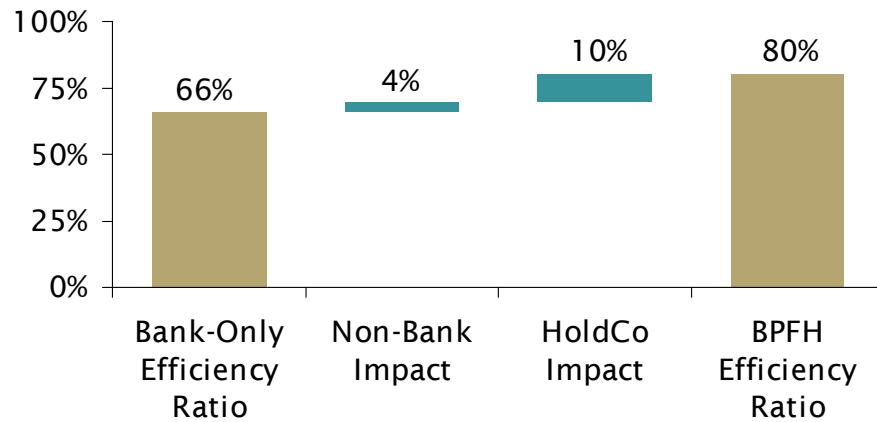
Previously announced \$25M target reduction including bank consolidation

BPFH \$25mm Cost Reduction Plan (in \$millions)

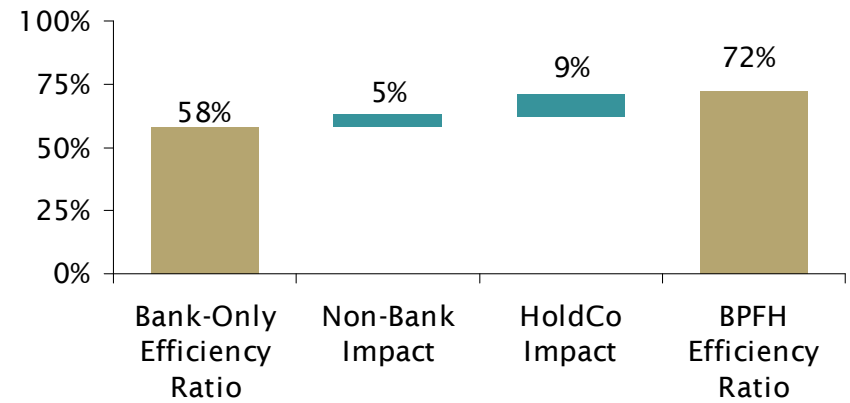


BPFH Target Efficiency Ratio

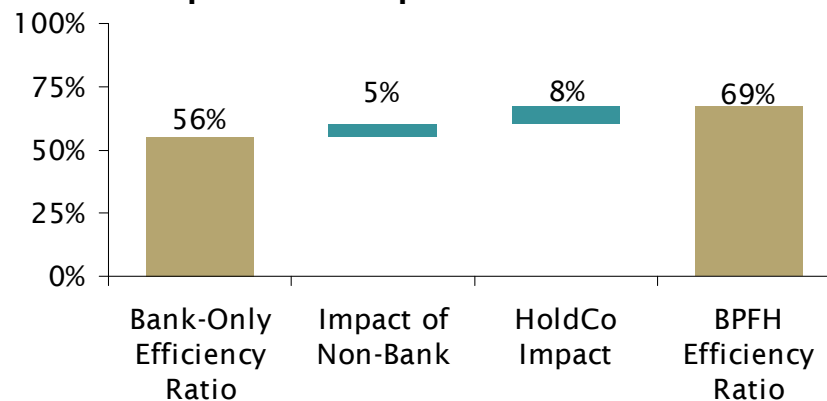
**BPFH Efficiency Ratio
Current State**



**BPFH Target Efficiency Ratio
Assumes no Revenue Growth but Expense Saves**



**BPFH Target Efficiency Ratio
Expense Saves plus Revenue Growth**



Assumes 6% revenue growth and 4% expense growth

Structuring Our Company to Outperform

- The Wealth Management and Private Banking model has the intrinsics to outperform core banking
- Our target segments are highly attractive and we operate in four deep, opportunity-rich geographic markets
- Our NIM defense is strong, and represents stable asset pricing with an attractive liability mix
- Our fee mix is attractive
- Important opportunities to invest in Private Banking franchise building and client acquisition
 - High quality client-facing professionals in all markets and all businesses
 - New/upgraded offices

We Are A Wealth Management and Private Banking Company

Growth

We believe that:

- Our target segments should outgrow US household baseline by a significant margin
- Demographic fundamentals will propel increased separation of growth intrinsics in our favor
- Client selection factors favor small, focused institutions able to generate client trust and confidence
- Basis of client differentiation is client service, banker stability and expertise, execution, and core product integrity
- High levels of client loyalty, stability, and full usage of our products and services are possible with our model

Differentiation

Profitability

- Delivered properly, wealth management and private banking services afford more attractive growth and profit potential than many core financial services
- Our desired mix of products and services offers attractive fee streams, better price-for-risk and superior returns on capital

Strategic Market Segments

High Net Worth Individuals

- Entrepreneurs
- Executives
- Family Wealth
- Baby Boomers/Retirees

Privately Held Businesses

- C&I (preferred industries)
- Professional Service Firms

Private Partnerships

- Venture Capital
- Hedge Funds
- Private Equity
- Real Estate Inv/Dev

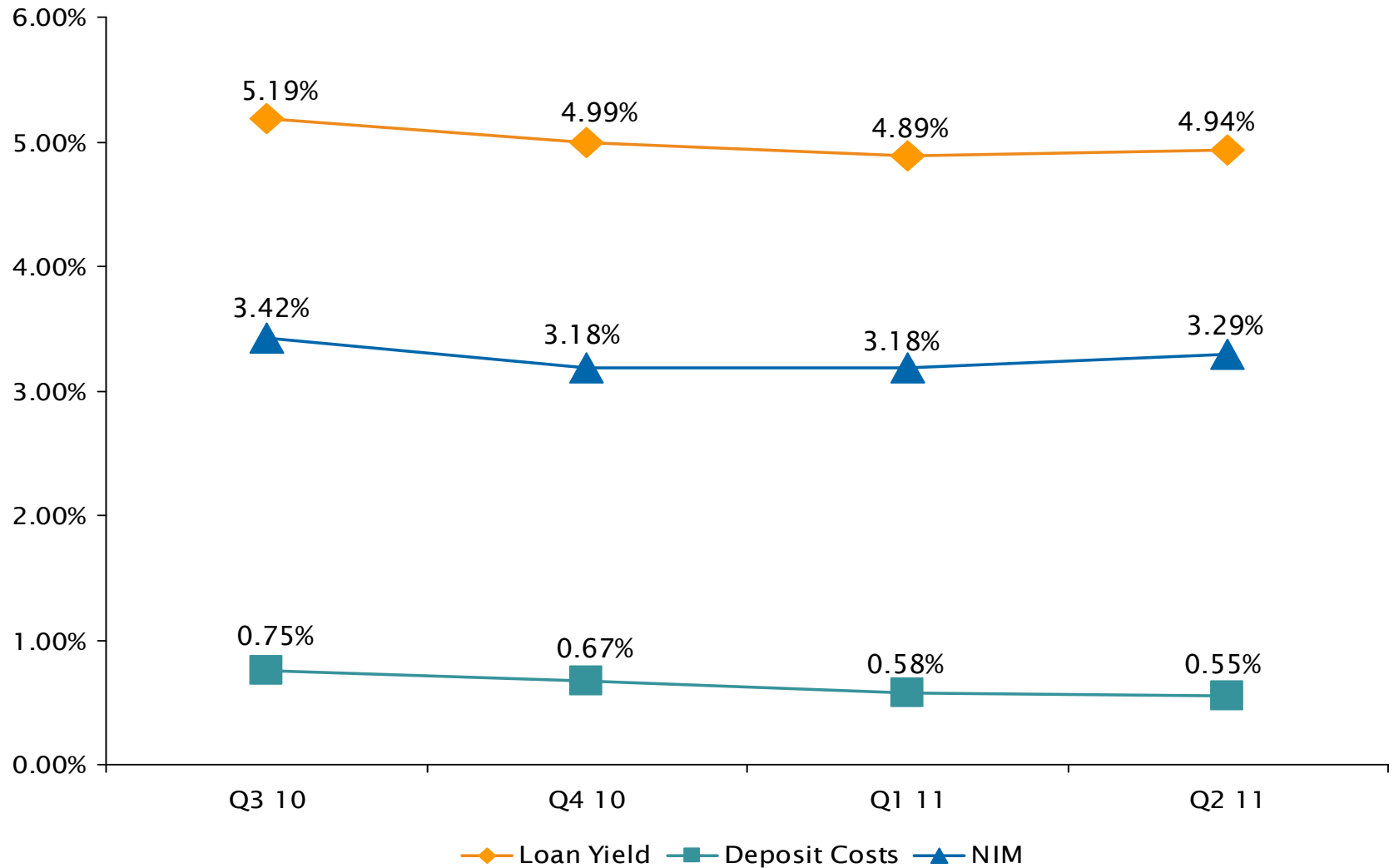
Non-Profits

- Educational
- Foundations/Endowments
- Health & Human Services

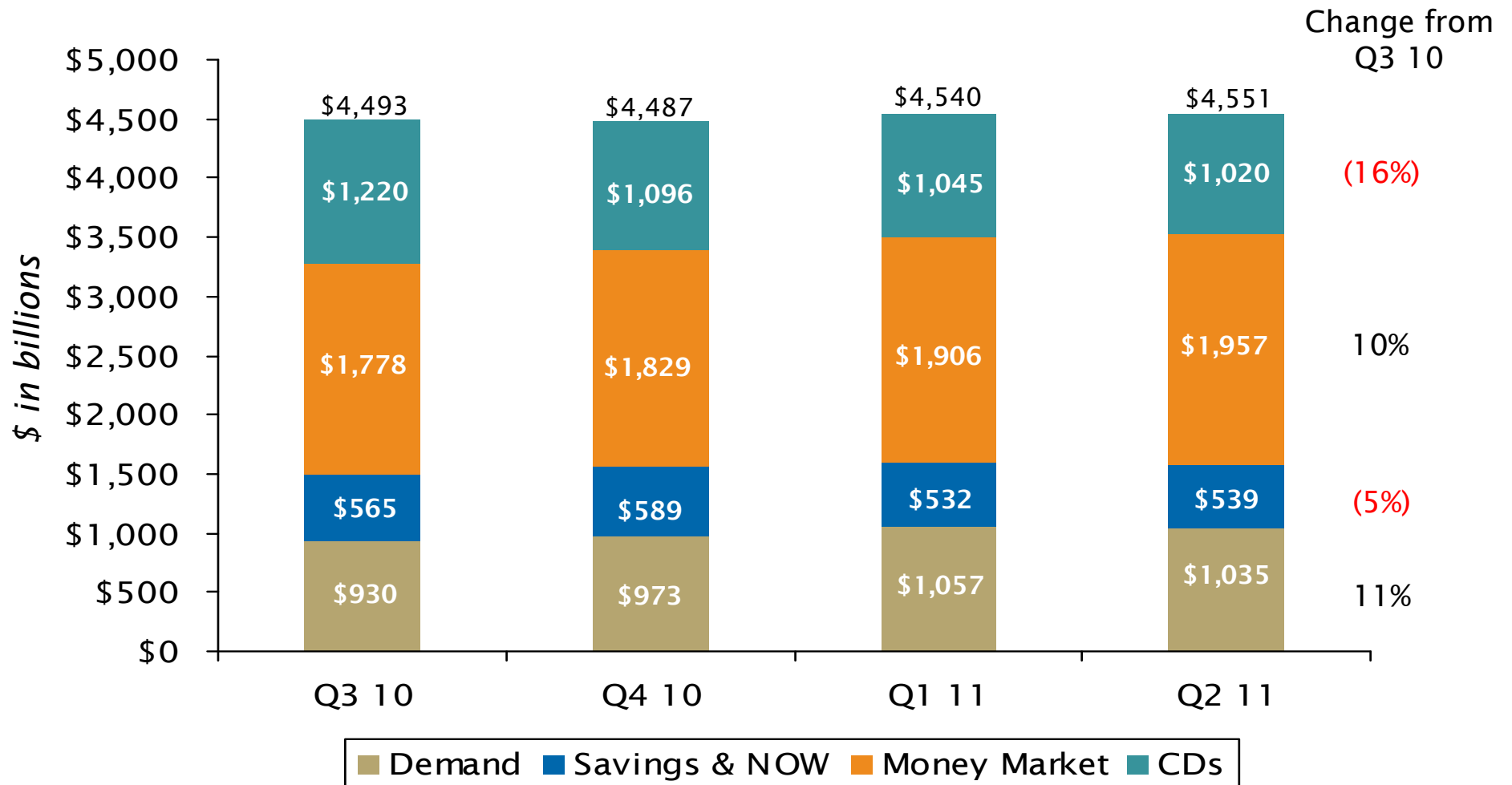
Significant concentration of target clients in:

- New England
- SF Bay Area
- SCal
- PacNW

Stable Net Interest Margin

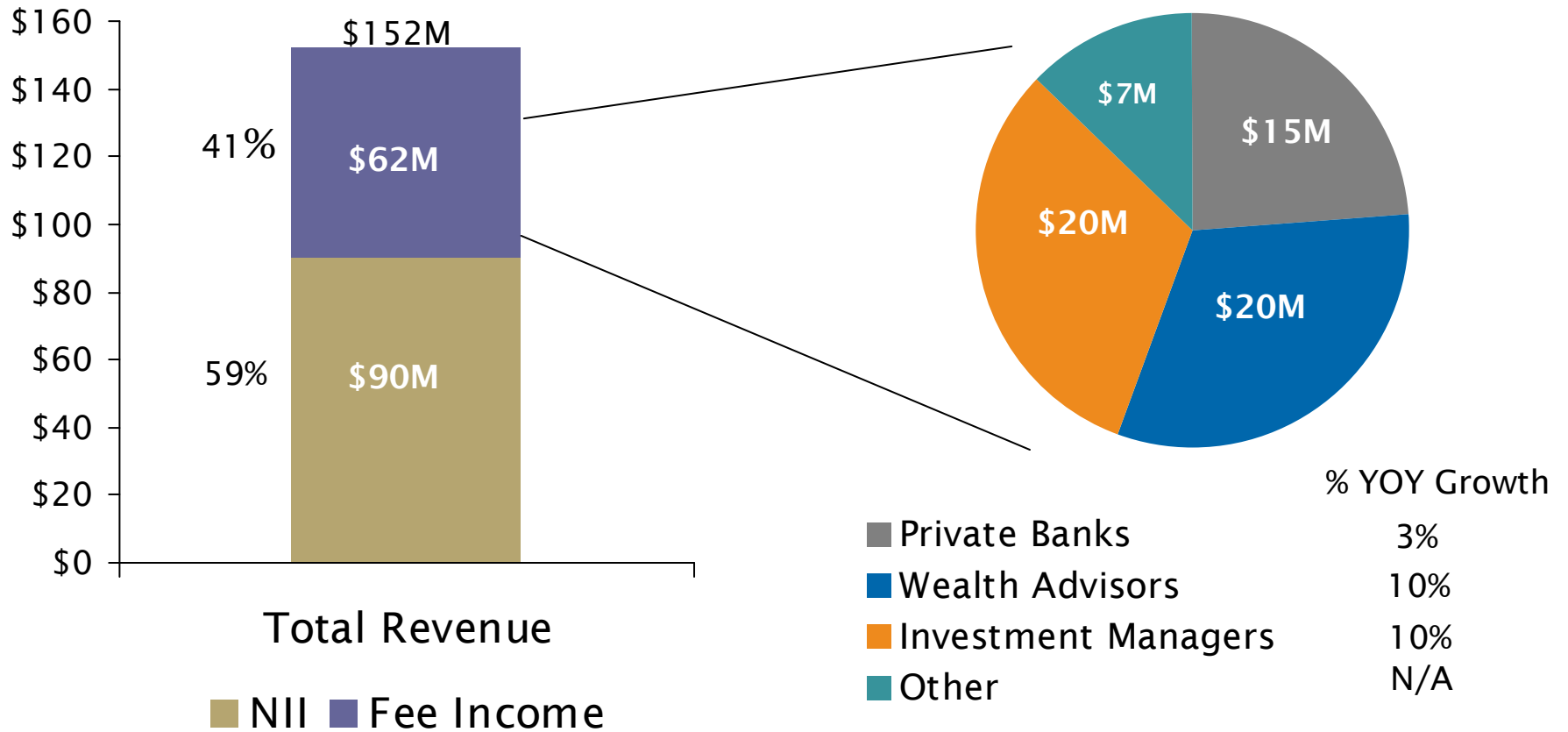


Favorable Mix Of Deposits



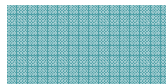
Revenue Sources YTD 2011

Total Revenue Up 7% year-over-year



Timeline for Corporate Initiatives

	Q4 10	Q1 11	Q2 11	Q3 11	2012
Address credit quality					
Remix the balance sheet					
Perfect the merger					
Improve WM performance; focus on growth initiatives					
Remove cost - HoldCo					
Remove cost-Private Banks					
Invest in Private Banking franchise building					

 In progress



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