

**BOSTON PRIVATE**  
FINANCIAL HOLDINGS, INC.

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**Fourth Quarter and  
Year-End 2011 Results**

**Clayton Deutsch**  
CEO & President

**David Kaye**  
Chief Financial Officer

**Mark Thompson**  
CEO, Boston Private Bank & Trust Company

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*January 27, 2012*

# 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 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 are 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 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, 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 a 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 decreases in 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; the risk that the Company's deferred tax asset may not be realized; 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. 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.*

# GAAP Net Income

	Q4 11		FY 11	
	\$ Amount	EPS Impact*	\$ Amount	EPS Impact*
<b>GAAP Net Income from Continuing Operations</b>	<b>\$12.6M</b>	<b>\$0.15</b>	<b>\$36.3M</b>	<b>\$0.43</b>
Income from Discontinued Operations	\$1.3M	\$0.01	\$6.1M	\$0.07
Non-cash equity adjustments	--	--	(\$0.8M)	(\$0.01)
Non-controlling interests	(\$0.9M)	(\$0.01)	(\$3.2M)	(\$0.04)
<b>GAAP Net Income Available to the Common Stockholders**</b>	<b>\$13.0M</b>	<b>\$0.15</b>	<b>\$38.3M</b>	<b>\$0.46</b>

\*Diluted basis

\*\*May not foot due to rounding

# Consolidated P&L Highlights – Linked Quarter

<i>(\$millions)</i>	Q3 2011	Q4 2011	% Change	Results Driven By:
NII	\$45.1	\$44.1	(2%)	8 bps of NIM compression
Fees*	\$27.7	\$26.4	(5%)	
<u>Other Revenue**</u>	<u>\$3.6</u>	<u>\$4.8</u>	<u>33%</u>	\$2.4M gain from debt repurchase \$1.3M gain on OREO
<b>Total Revenue</b>	<b>\$76.4</b>	<b>\$75.3</b>	<b>(1%)</b>	
Operating Expenses	\$55.4	\$58.8	6%	\$4M in year-end non-recurring charges
Restructuring	\$1.1	\$0.7	(36%)	
<b><u>Total Expenses</u></b>	<b><u>\$56.5</u></b>	<b><u>\$59.5</u></b>	<b><u>5%</u></b>	
<b>PTPP***</b>	<b>\$19.9</b>	<b>\$15.8</b>	<b>(21%)</b>	
<u>Provision/(Credit)</u>	<u>\$4.5</u>	<u>(\$2.5)</u>	<u>NM</u>	
<b>Pre-Tax Income</b>	<b>\$15.4</b>	<b>\$18.4</b>	<b>19%</b>	
Efficiency Ratio	72%	77%	5 pts	

\*Includes IM&T fees, wealth advisory fees and other private banking fees

\*\*Includes gain on sale of investments, debt repurchase, loans, OREO and other

\*\*\*Pre-tax, pre-provision income

# Consolidated P&L Highlights – FY 2011

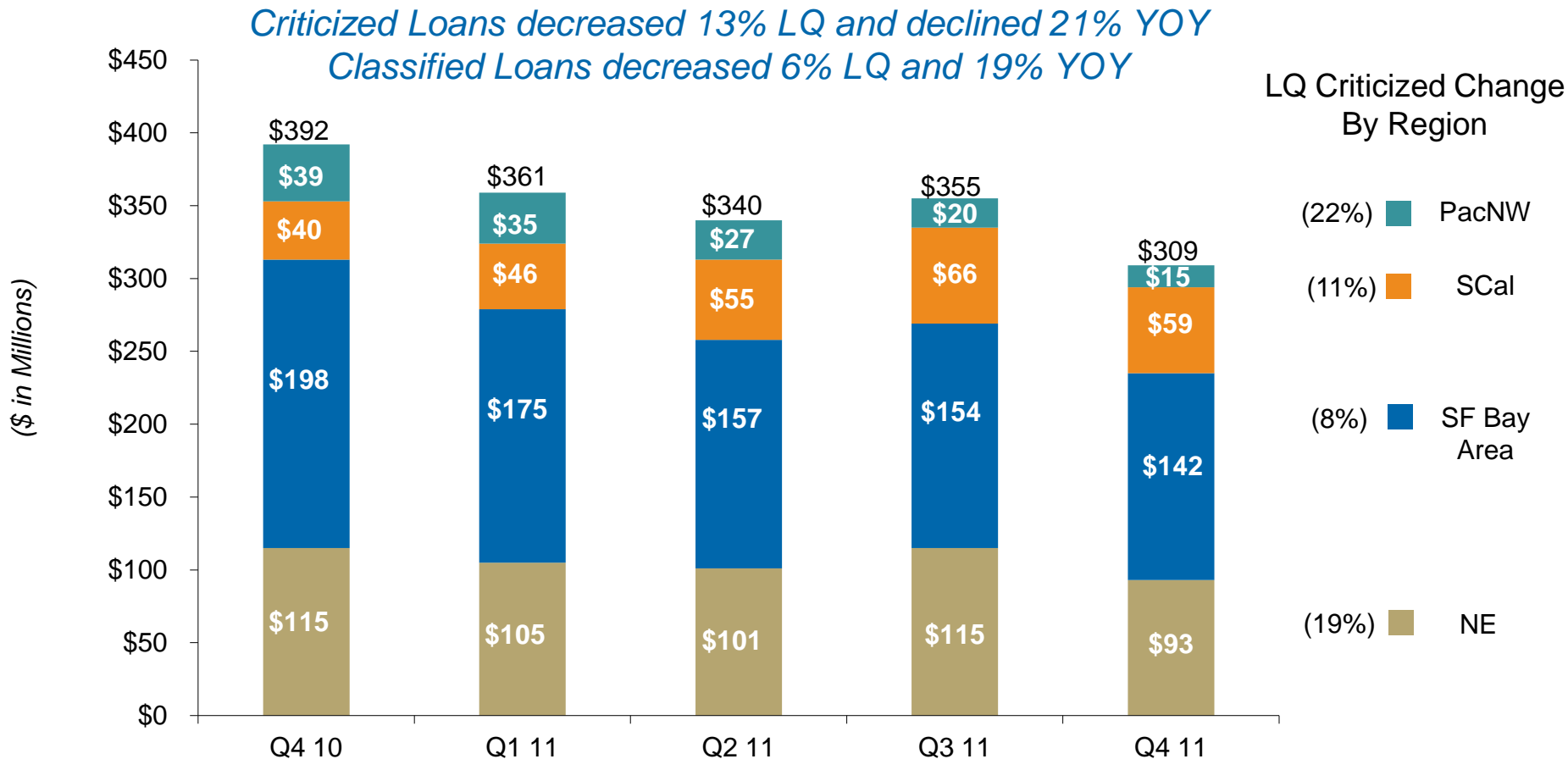
<i>(\$millions)</i>	FY 2010	FY 2011	% Change	Results Driven By:
NII	\$180.7	\$178.9	(1%)	Net loan growth materialized late in the year 5 bps YOY NIM compression
Fees*	\$103.5	\$109.5	6%	
<u>Other Revenue**</u>	<u>\$8.3</u>	<u>\$15.5</u>	<u>87%</u>	
<b>Total Revenue</b>	<b>\$292.5</b>	<b>\$303.9</b>	<b>4%</b>	8% growth in wealth management fees, evenly balanced across WA and IM
Operating Expenses	\$236.9	\$232.0	(2%)	All merger-related expenses largely realized
Restructuring	--	\$8.1	NM	
<b>Total Expenses</b>	<b>\$236.9</b>	<b>\$240.1</b>	<b>1%</b>	
<b>PTPP***</b>	<b>\$55.6</b>	<b>\$63.8</b>	<b>15%</b>	Significant improvement in credit quality
<u>Provision</u>	<u>\$87.2</u>	<u>\$13.2</u>	<u>(85%)</u>	
<b>Pre-Tax Income/(Loss)</b>	<b>(\$31.5)</b>	<b>\$50.6</b>	<b>NM</b>	
Efficiency Ratio	79%	77%	(2 pts)	

\*Includes IM&T fees, wealth advisory fees and other private banking fees

\*\*Includes gain on sale of investments, loans, debt repurchase, OREO and other

\*\*\*Pre-tax, pre-provision income

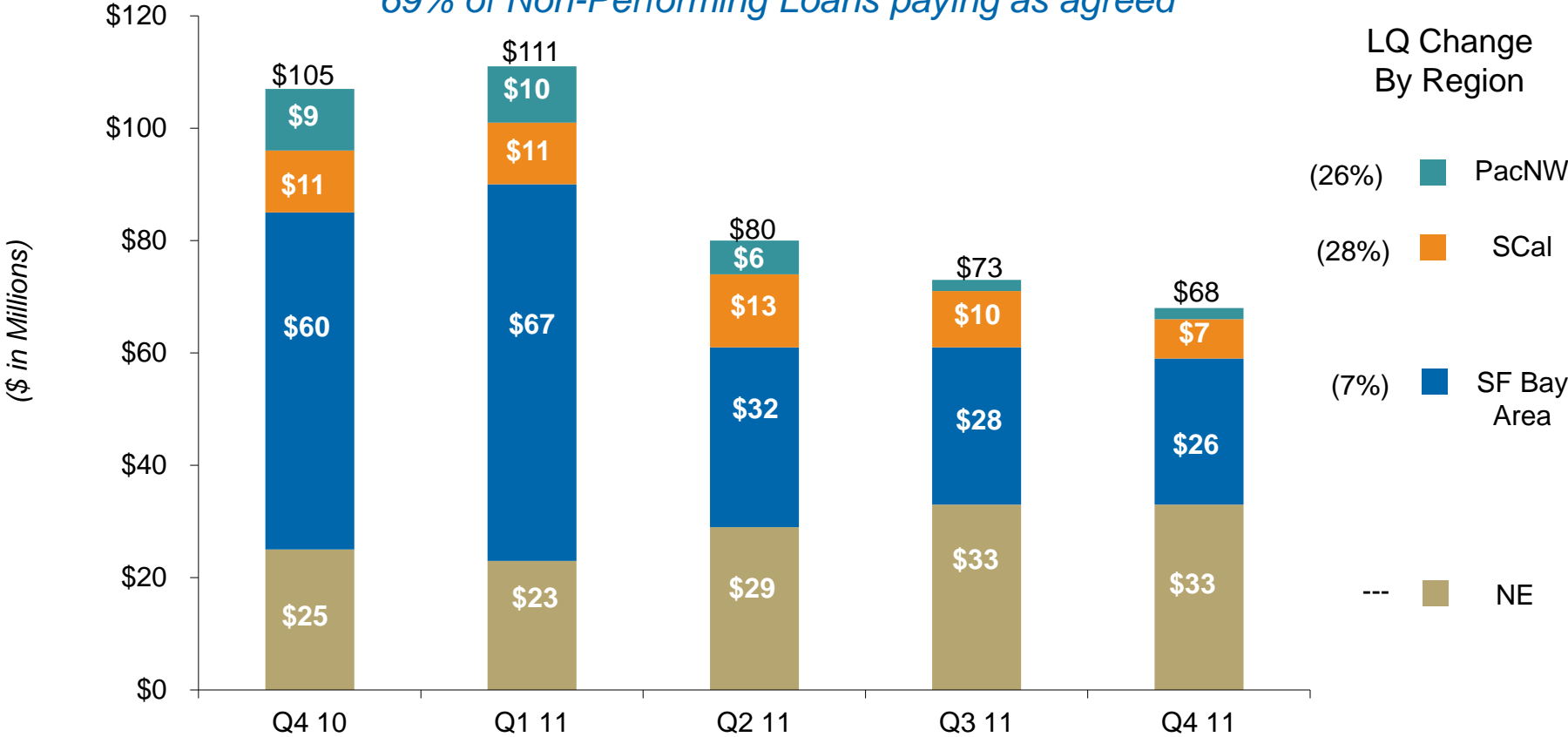
# Criticized Loans By Region (Classified + Special Mention\*)



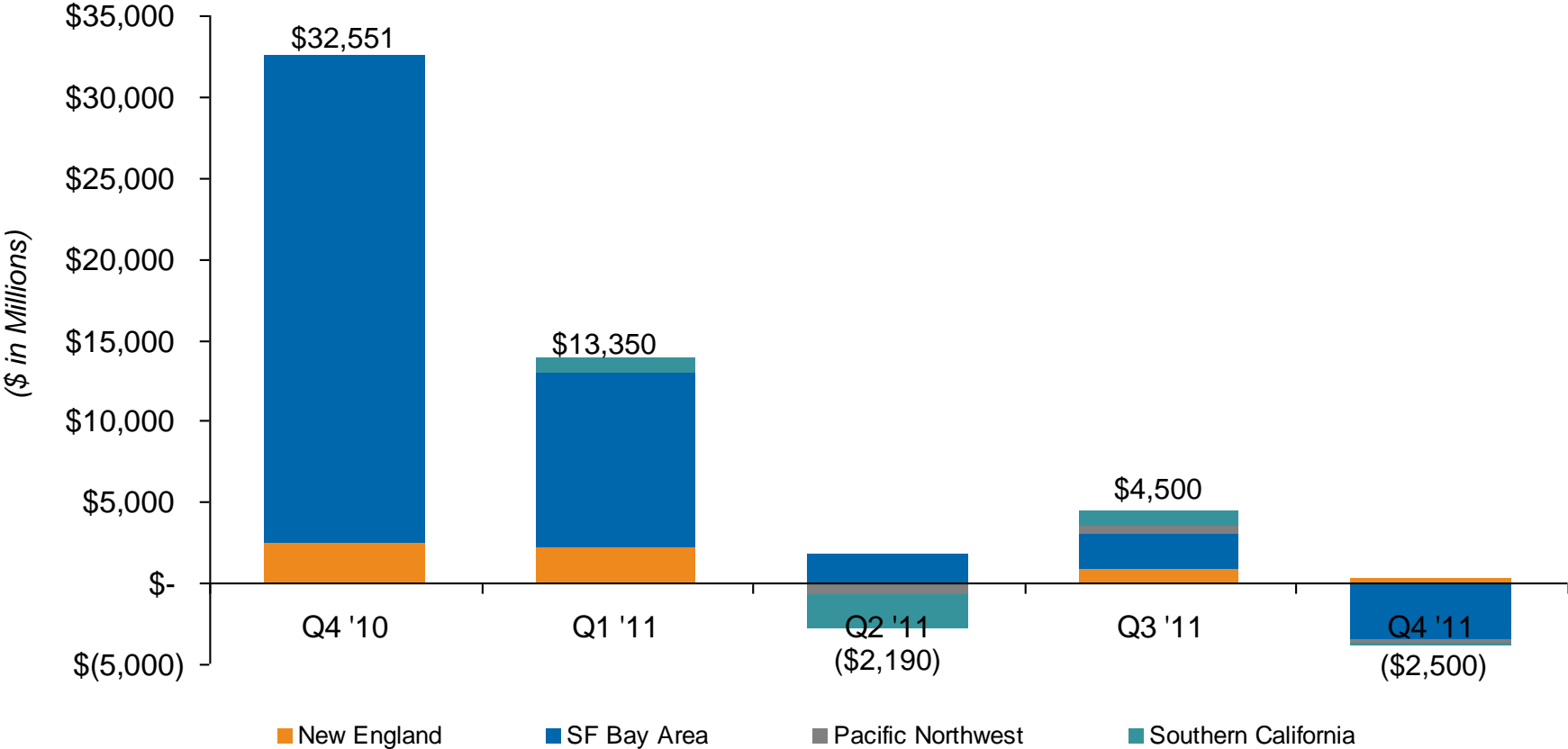
\*Special Mention is a "Pass Rated" loan but is used as a transitory category with higher volatility

# Non-Performing Loans By Region

*Non-Performing Loans declined 7% LQ and 35% YOY  
69% of Non-Performing Loans paying as agreed*

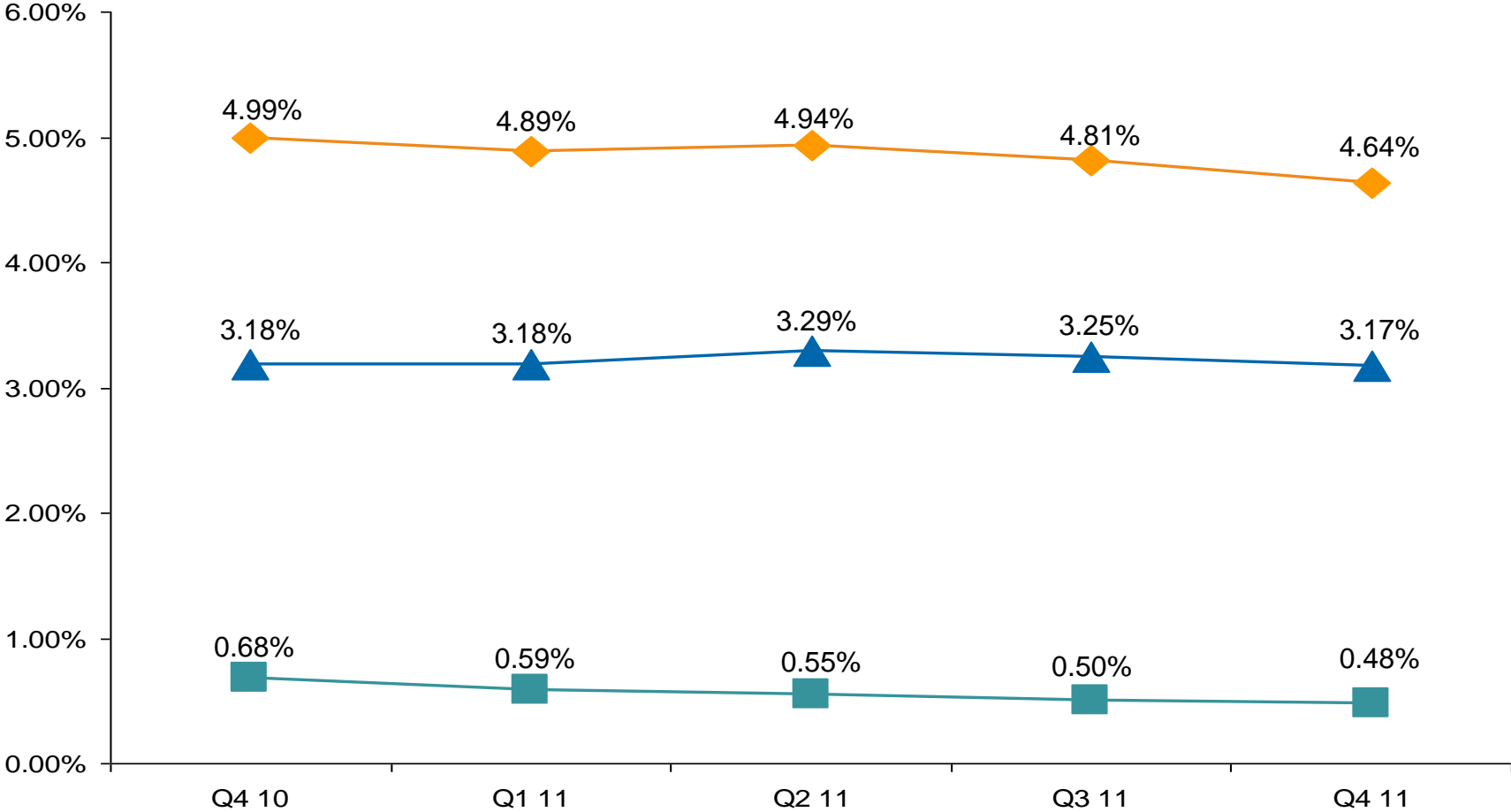


# Provision/(Credit) for Loan Losses





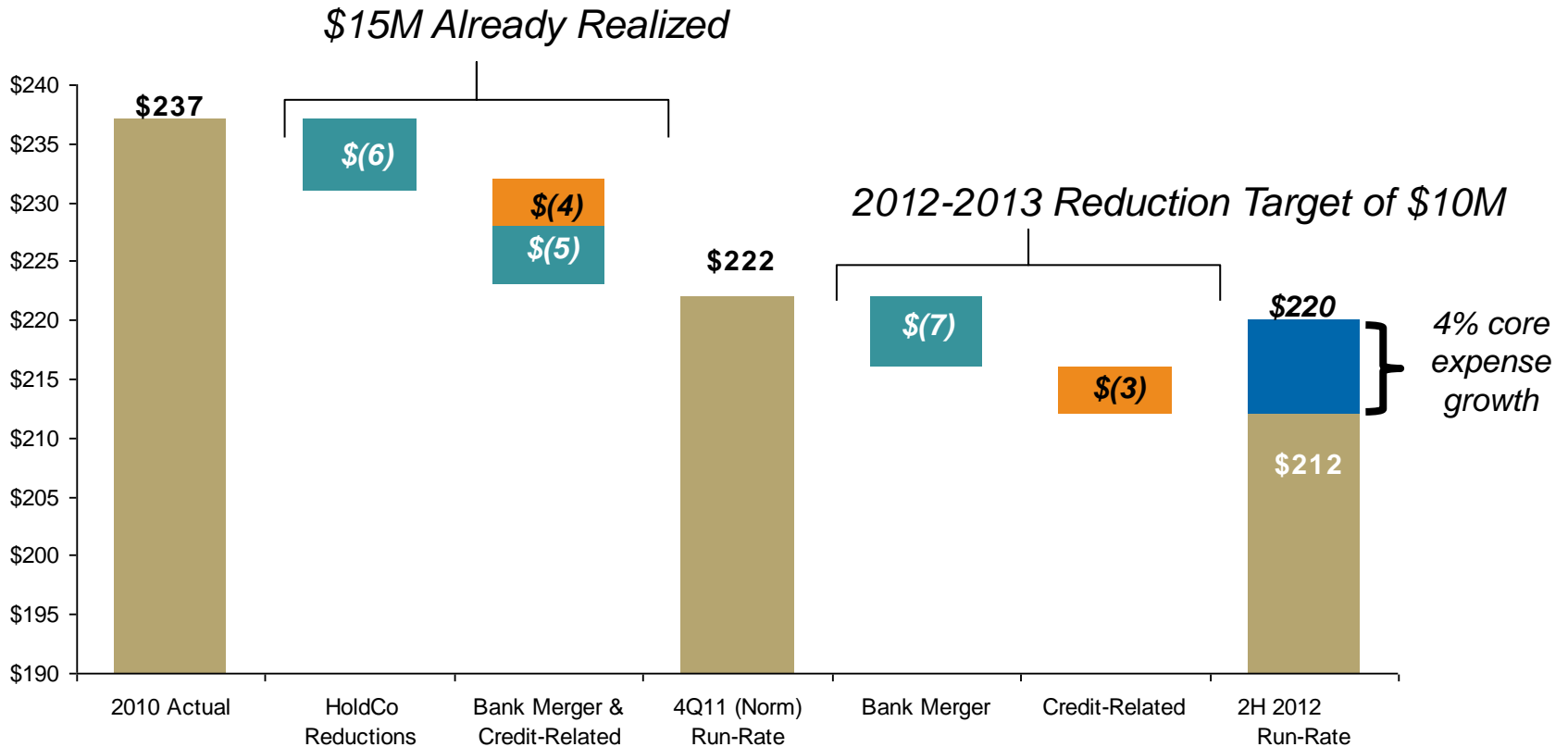
# Net Interest Margin



\*Including Demand Deposit Accounts

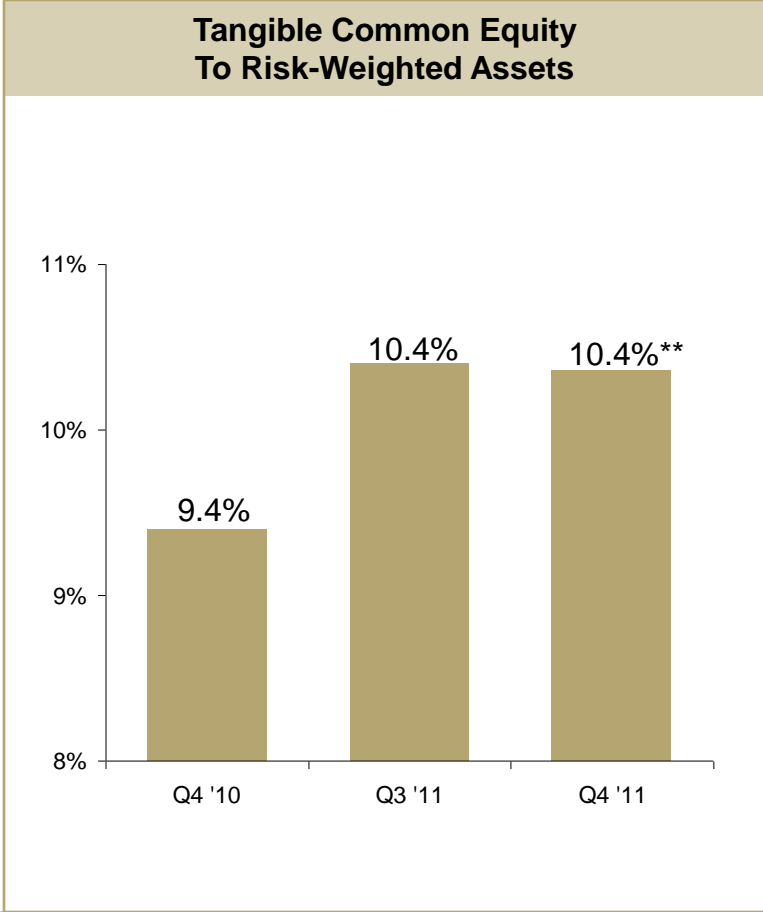
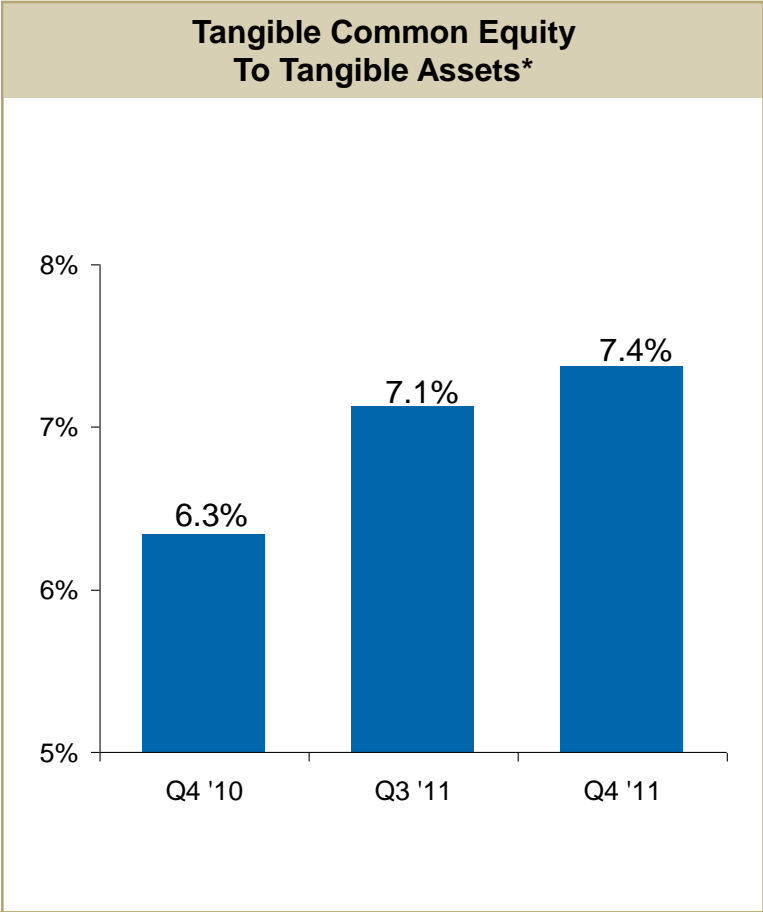
—◆— Loan Yield —■— Deposit Costs\* —▲— NIM

# Progress Toward \$25M Cost Takeout Program



\*Assumes current revenue run-rate

# Capital Position



\*Includes Carlyle Preferreds and the redeemable non-controlling interest

\*\*Based on estimated Risk Weighted Assets

# Private Bank Performance Highlights – Linked Quarter

<i>(\$millions)</i>	Q3 2011	Q4 2011	% Change	Results Driven By:
NII	\$46.8	\$45.8	(2%)	Fewer one-time gains in 2011
Fees*	\$7.2	\$6.9	(4%)	
<u>Other Revenue**</u>	<u>\$3.8</u>	<u>\$2.4</u>	<u>(37%)</u>	
<b>Total Revenue</b>	<b>\$57.8</b>	<b>\$55.1</b>	<b>(5%)</b>	\$2.5M in year-end non-recurring charges
Operating Expenses	\$35.1	\$36.7	5%	
Restructuring	\$0.6	\$0.4	(33%)	
<b><u>Total Expenses</u></b>	<b><u>\$35.7</u></b>	<b><u>\$37.1</u></b>	<b><u>4%</u></b>	
<b>PTPP***</b>	<b>\$22.1</b>	<b>\$18.0</b>	<b>(18%)</b>	
<u>Provision/(Credit)</u>	<u>\$4.5</u>	<u>(\$2.5)</u>	<u>NM</u>	
<b>Pre-Tax Income</b>	<b>\$17.6</b>	<b>\$20.5</b>	<b>16%</b>	
Efficiency Ratio	60%	65%	5 pts	

\*Includes IM&T fees and other private banking fees

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

\*\*\*Pre-tax, pre-provision income

# Private Bank Performance Highlights – FY 11

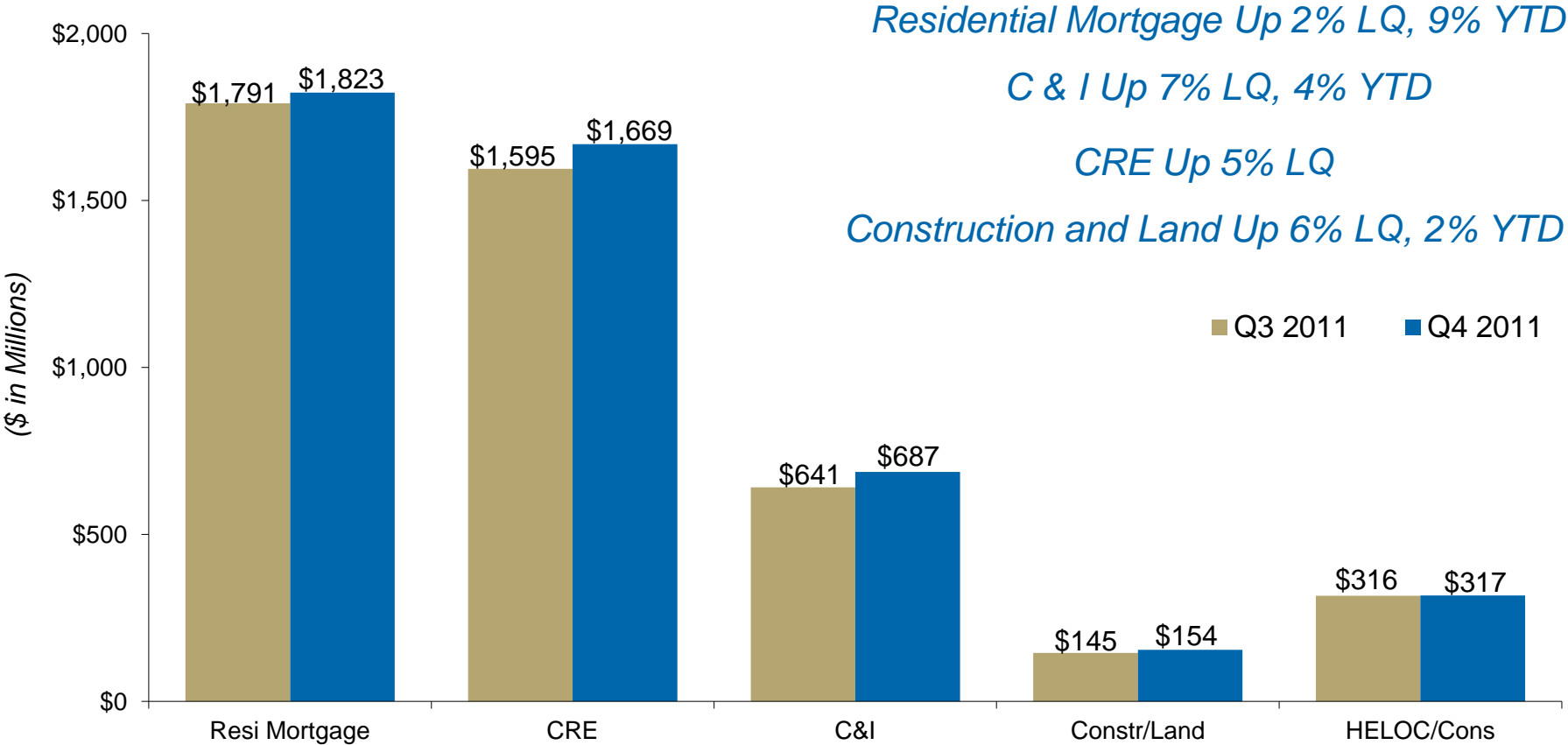
<i>(\$millions)</i>	<b>FY 2010</b>	<b>FY 2011</b>	<b>% Change</b>
NII	\$190.1	\$186.0	(2%)
Fees*	\$28.7	\$28.6	--
<u>Other Revenue**</u>	<u>\$7.4</u>	<u>\$10.1</u>	<u>36%</u>
<b>Total Revenue</b>	<b>\$226.2</b>	<b>\$224.7</b>	<b>(1%)</b>
Operating Expenses	\$150.0	\$146.3	(2%)
Restructuring	--	\$5.4	NM
<b><u>Total Expenses</u></b>	<b><u>\$150.0</u></b>	<b><u>\$151.8</u></b>	<b><u>(1%)</u></b>
<b>PTPP***</b>	<b>\$76.2</b>	<b>\$72.9</b>	<b>(4%)</b>
<u>Provision</u>	<u>\$87.2</u>	<u>\$13.2</u>	<u>(85%)</u>
<b>Pre-Tax Income</b>	<b>(\$11.0)</b>	<b>\$59.7</b>	<b>NM</b>
Efficiency Ratio	64%	65%	1 pt

\*Includes IM&T fees and other private banking fees

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

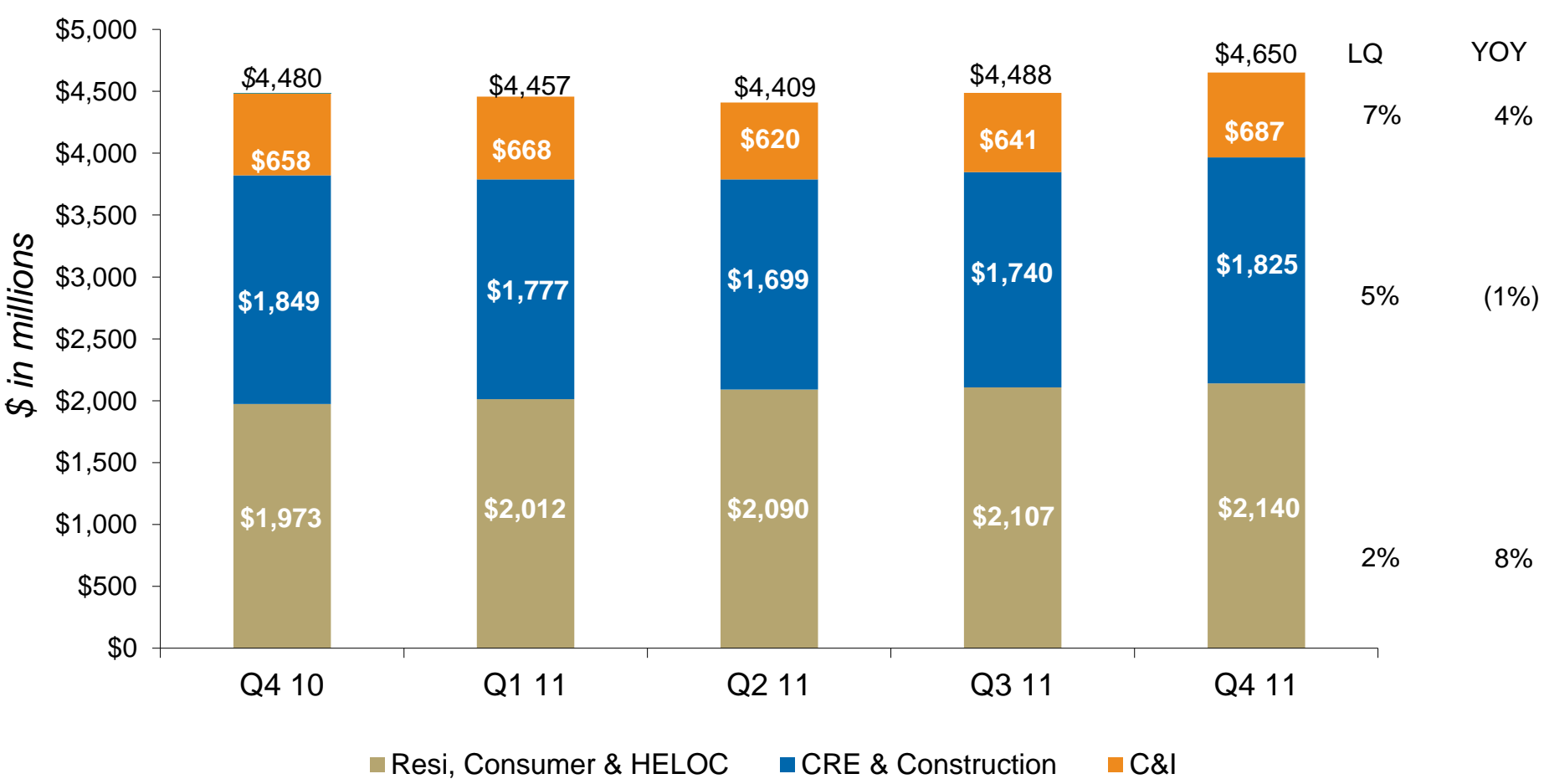
\*\*\*Pre-tax, pre-provision income

# Evolution of Our Loan Portfolio

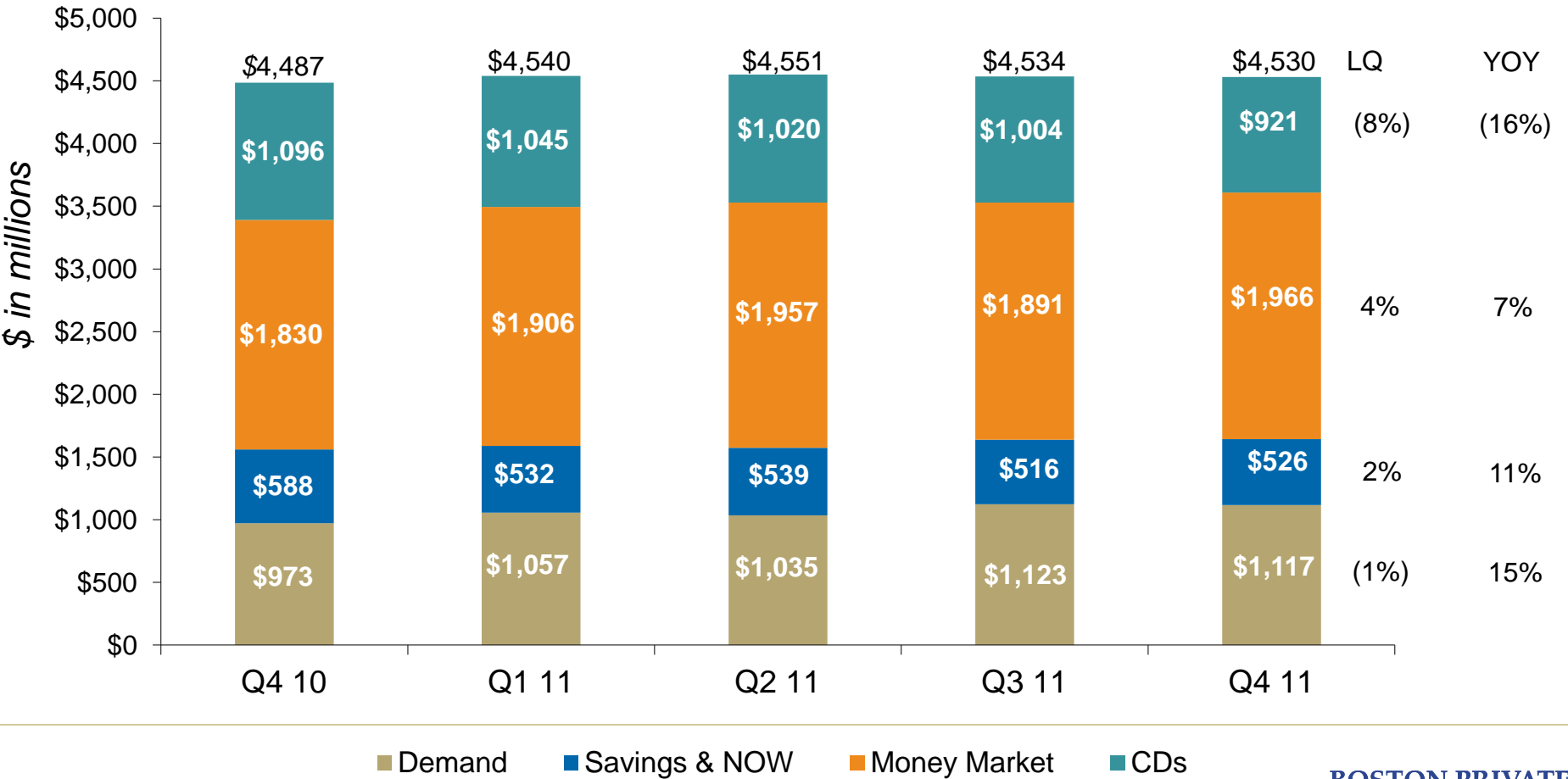


Consolidated basis

# Loans By Type: Quarterly Trend



# Favorable Mix Of Deposits



■ Demand   ■ Savings & NOW   ■ Money Market   ■ CDs



# Investment Management Performance Highlights – Linked Quarter

<i>(\$millions)</i>	Q3 2011	Q4 2011	% Change	Results Driven By:
Inv Mgt Fees	\$10.3	\$9.1	(12%)	Billing off of prior quarter AUM balances
<b>Total Revenue</b>	<b>\$10.3</b>	<b>\$9.1</b>	<b>(12%)</b>	
<u>Operating Expenses</u>	<u>\$7.8</u>	<u>\$7.5</u>	<u>(4%)</u>	Despite compression, still close to our 30% EBITDA margin target
<b>Pre-Tax Income</b>	<b>\$2.5</b>	<b>\$1.6</b>	<b>(36%)</b>	
EBITDA Margin	32%	27%	(5 pts)	
Pre-tax Margin	24%	18%	(6 pts)	Q4 “snap back” in AUM, not yet reflected in billings
AUM (\$B)	\$7.1	\$7.6	7%	
Net Flows (\$M)	(\$234)	(\$163)	(30%)	

# Investment Management Performance Highlights – FY 11

<i>(\$millions)</i>	FY 2010	FY 2011	% Change	Results Driven By:
Inv Mgt Fees	\$36.9	\$39.8	8%	
<b>Total Revenue</b>	<b>\$37.1</b>	<b>\$39.9</b>	<b>8%</b>	Positive operating leverage for the year
<u>Operating Expenses</u>	<u>\$29.7</u>	<u>\$31.2</u>	<u>5%</u>	
<b>Pre-Tax Income</b>	<b>\$7.4</b>	<b>\$8.7</b>	<b>18%</b>	EBITDA margin attains our 30% target
EBITDA Margin	29%	30%	1 pt	
Pre-tax Margin	20%	22%	2 pts	
AUM (\$B)	\$8.1	\$7.6	(7%)	
Net Flows (\$M)	(\$186)	(\$591)	NM	

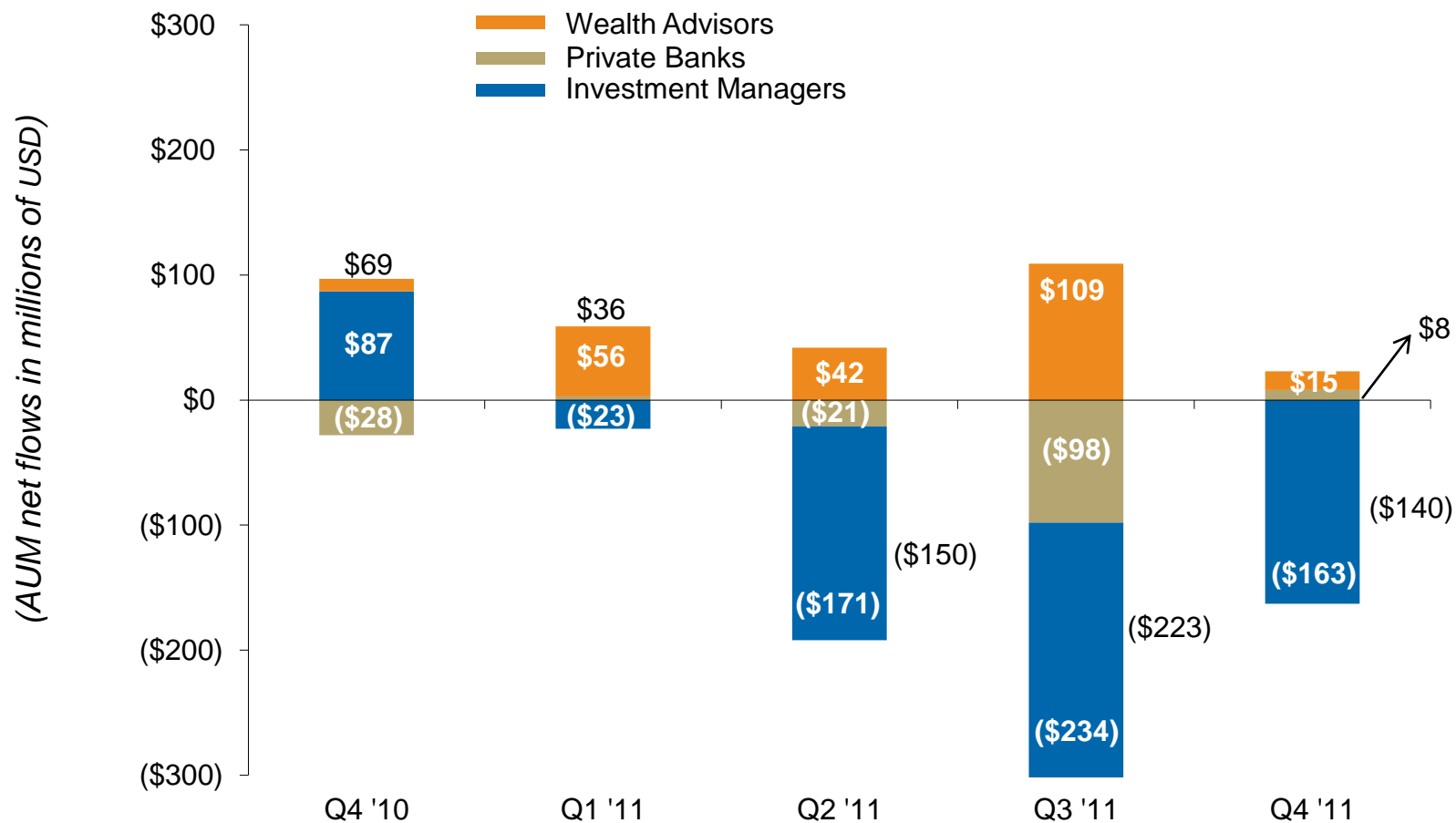
# Wealth Advisory Performance Highlights – Linked Quarter

<i>(\$millions)</i>	Q3 2011	Q4 2011	% Change	Results Driven By:
Wealth Adv Fees	\$10.2	\$10.5	3%	Consistent, steady growth
<b>Total Revenue</b>	<b>\$10.3</b>	<b>\$10.5</b>	<b>2%</b>	
<u>Operating Expenses</u>	<u>\$7.7</u>	<u>\$7.8</u>	<u>1%</u>	Positive operating leverage
<b>Pre-Tax Income</b>	<b>\$2.6</b>	<b>\$2.7</b>	<b>4%</b>	
EBITDA Margin	28%	29%	1 pt	Approaching our 30% target
Pre-tax Margin	25%	26%	1 pt	
AUM (\$B)	\$7.7	\$8.0	4%	
Net Flows (\$M)	\$109	\$15	(86%)	

# Wealth Advisory Performance Highlights – FY 11

<i>(\$millions)</i>	FY 2010	FY 2011	% Change	Results Driven By:
Wealth Adv Fees	\$37.9	\$41.1	8%	Strong, consistent growth largely decoupled from market action
<b>Total Revenue</b>	\$37.9	\$41.1	<b>8%</b>	
<u>Operating Expenses</u>	<u>\$29.9</u>	<u>\$31.5</u>	<u>5%</u>	Highly positive operating leverage
<b>Pre-Tax Income</b>	<b>\$8.0</b>	<b>\$9.6</b>	<b>20%</b>	
EBITDA Margin	25%	27%	2 pts	YOY margin improvement
Pre-tax Margin	21%	23%	2 pts	
AUM (\$B)	\$7.8	\$8.0	3%	
Net Flows (\$M)	\$330	\$222	(33%)	

# AUM Net Flows



Excluding market changes

# Holding Company Costs – Linked Quarter

<i>(\$millions)</i>	<b>Q3 2011</b>	<b>Q4 2011</b>	<b>% Change</b>
NII	(\$1.8)	(\$1.7)	1%
<u>Other Revenue</u>	<u>(\$0.2)</u>	<u>\$2.4</u>	<u>NM</u>
<b>Total Revenue</b>	<b>(\$2.0)</b>	<b>\$0.7</b>	<b>NM</b>
Operating Expenses	\$4.7	\$6.9	<b>47%</b>
Restructuring	\$0.5	\$0.3	<b>(40%)</b>
<b>Total Expenses</b>	<b>\$5.2</b>	<b>\$7.1</b>	<b>37%</b>
<u>Westfield Payment*</u>	<u>\$2.5</u>	<u>\$2.3</u>	<u>(8%)</u>
<b>HoldCo Pre-Tax Loss</b>	<b>(\$4.7)</b>	<b>(\$4.1)</b>	<b>(13%)</b>

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

# Holding Company Costs – FY 11

<i>(\$millions)</i>	<b>FY 2010</b>	<b>FY 2011</b>	<b>% Change</b>	<b>Results Driven By:</b>
NII	(\$9.5)	(\$7.2)	24%	
<u>Other Revenue</u>	<u>\$0.9</u>	<u>\$5.4</u>	<u>NM</u>	
<b>Total Revenue</b>	<b>(\$8.6)</b>	<b>(\$1.8)</b>	<b>79%</b>	Debt repurchase
Operating Expenses	\$27.3	\$23.1	<b>(6%)</b>	
Restructuring	--	\$2.6	<b>NM</b>	Streamlining of the Holding Company
<b>Total Expenses</b>	<b>\$27.3</b>	<b>\$25.7</b>	<b>(6%)</b>	
<u>Westfield Payment*</u>	<u>\$6.7</u>	<u>\$10.5</u>	<u>57%</u>	
<b>HoldCo Pre-Tax Loss</b>	<b>(\$29.3)</b>	<b>(\$17.1)</b>	<b>42%</b>	

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

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