

BOSTON PRIVATE
FINANCIAL HOLDINGS, INC.

Fourth Quarter and Full Year 2012 Results

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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 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 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 and wealth advisory activities; changes in interest rates; competitive pressures from other financial institutions; the effects of continued weakness 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; 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; and 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.

Consolidated P&L Highlights – Linked Quarter

<i>(\$millions)</i>	Q3 2012	Q4 2012	% Change	Results Driven By:
NII	\$46.4	\$45.5	(2%)	Increase in fees in all segments \$0.9M gain on sale of residential mortgage loans
Core Fees*	\$27.6	\$29.1	5%	
<u>Other Income**</u>	<u>\$1.0</u>	<u>\$1.2</u>	<u>18%</u>	
Total Revenue	\$75.0	\$75.8	1%	\$2.0M in non-cash benefit charges \$2.0M in liabilities restructuring \$1.1M in marketing
Operating Expenses	\$54.6	\$61.1	12%	
Restructuring	\$3.6	\$1.6	(54%)	Severance associated with Q1 13 reduction in force
Total Expenses	\$58.2	\$62.7	8%	
PTPP***	\$16.8	\$13.1	(22%)	
<u>Provision/(Credit)</u>	<u>(\$4.0)</u>	<u>(\$5.0)</u>	<u>25%</u>	Pending sale of Pacific Northwest offices
Pre-Tax Income from Continuing Operations	\$20.8	\$18.1	(13%)	
Efficiency Ratio****	75%	80%	5 pts	

*Includes IM&T fees, wealth advisory fees, private banking fees and gain on sale of loans

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

***Pre-tax, pre-provision income from Continuing Operations

****Excludes restructuring; FTE basis

Q4 2012 Expense Breakdown

Q4 12 Total Operating Expense (reported)	\$62.7
Compensation: variable comp	(\$0.9)
Compensation: non-cash benefit charges	(\$2.0)
Marketing: seasonal emphasis at Private Bank	(\$1.1)
Other: liabilities restructuring	(\$2.0)
Restructuring: severance costs	<u>(\$1.6)</u>
Total Q4 unusual items	\$7.6
Q4 12 Total Operating Expense (normalized)	\$55.1

Consolidated P&L Highlights – FY 2012

(\$millions)	FY 2011	FY 2012	% Change	Results Driven By:
NII	\$179.0	\$183.3	2%	21% decrease in Interest Expense FY NIM compression of only 3 bps
Core Fees*	\$106.9	\$109.4	2%	
<u>Other Income**</u>	<u>\$11.5</u>	<u>\$5.0</u>	<u>(57%)</u>	
Total Revenue	\$297.4	\$297.6	--	9% increase in Wealth Advisory Fees
Operating Expenses	\$225.8	\$225.9	--	
Restructuring	\$8.1	\$5.9	(27%)	
<u>Total Expenses</u>	<u>\$233.9</u>	<u>\$231.9</u>	<u>(1%)</u>	
PTPP***	\$63.5	\$65.9	4%	
<u>Provision</u>	<u>\$13.2</u>	<u>(\$3.3)</u>	<u>NM</u>	
Pre-Tax Income from Continuing Operations	\$50.4	\$69.1	37%	Significant improvement in credit quality
Efficiency Ratio****	77%	76%	(1 pt)	

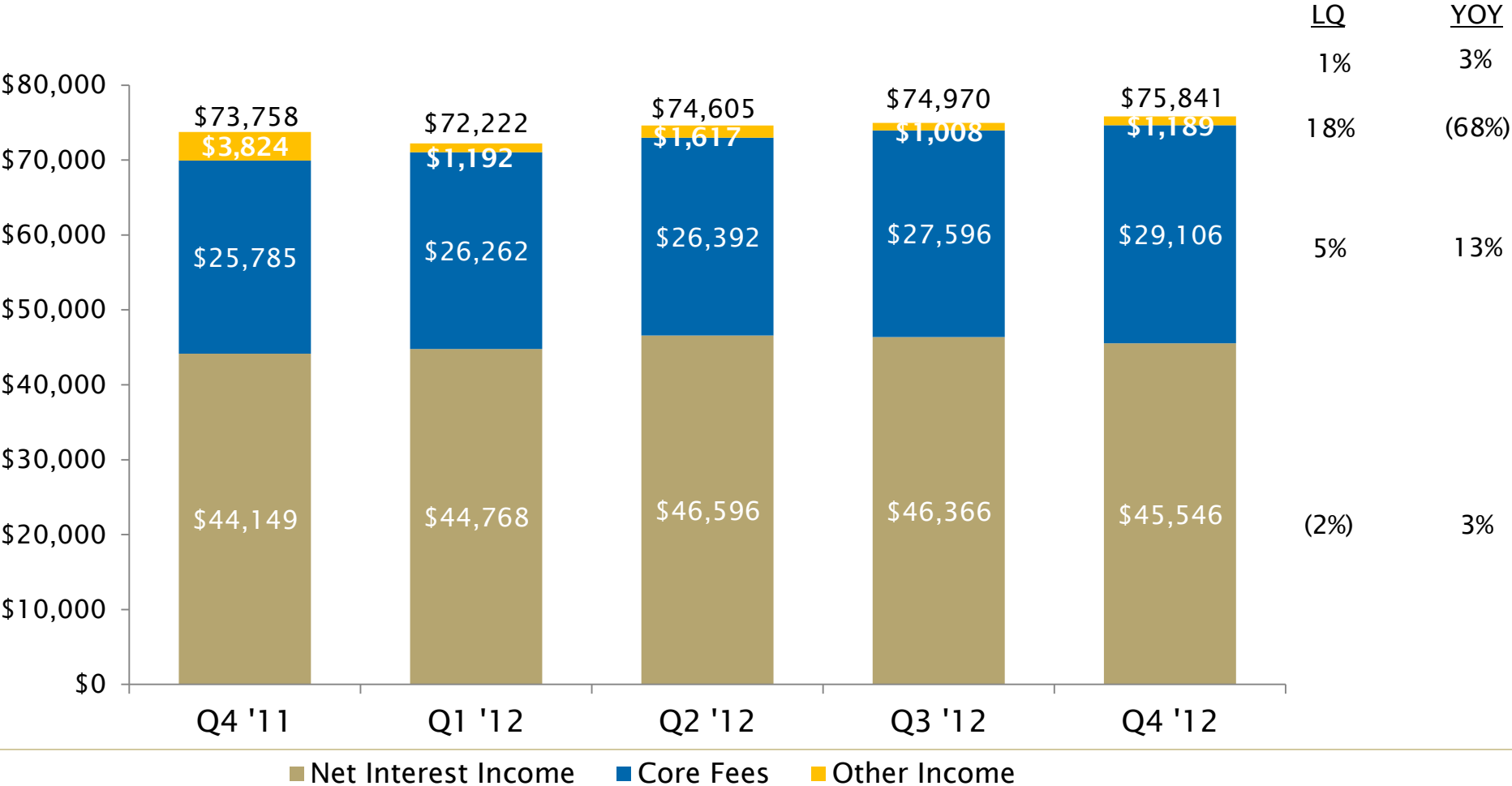
*Includes IM&T fees, wealth advisory fees, private banking fees and gain on sale of loans

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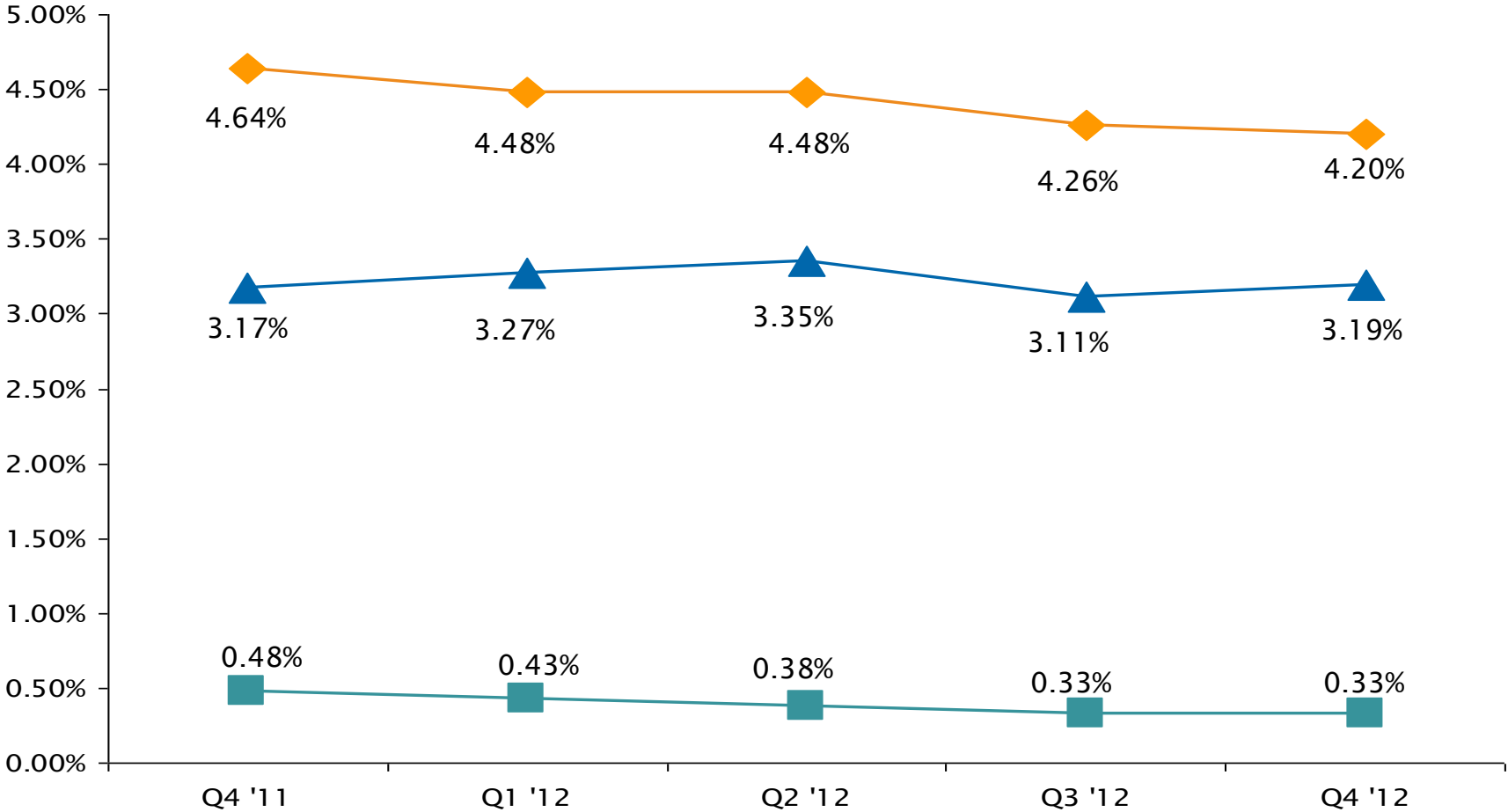
***Pre-tax, pre-provision income

****Excludes restructuring; FTE basis

Spread and Fee-Based Revenues



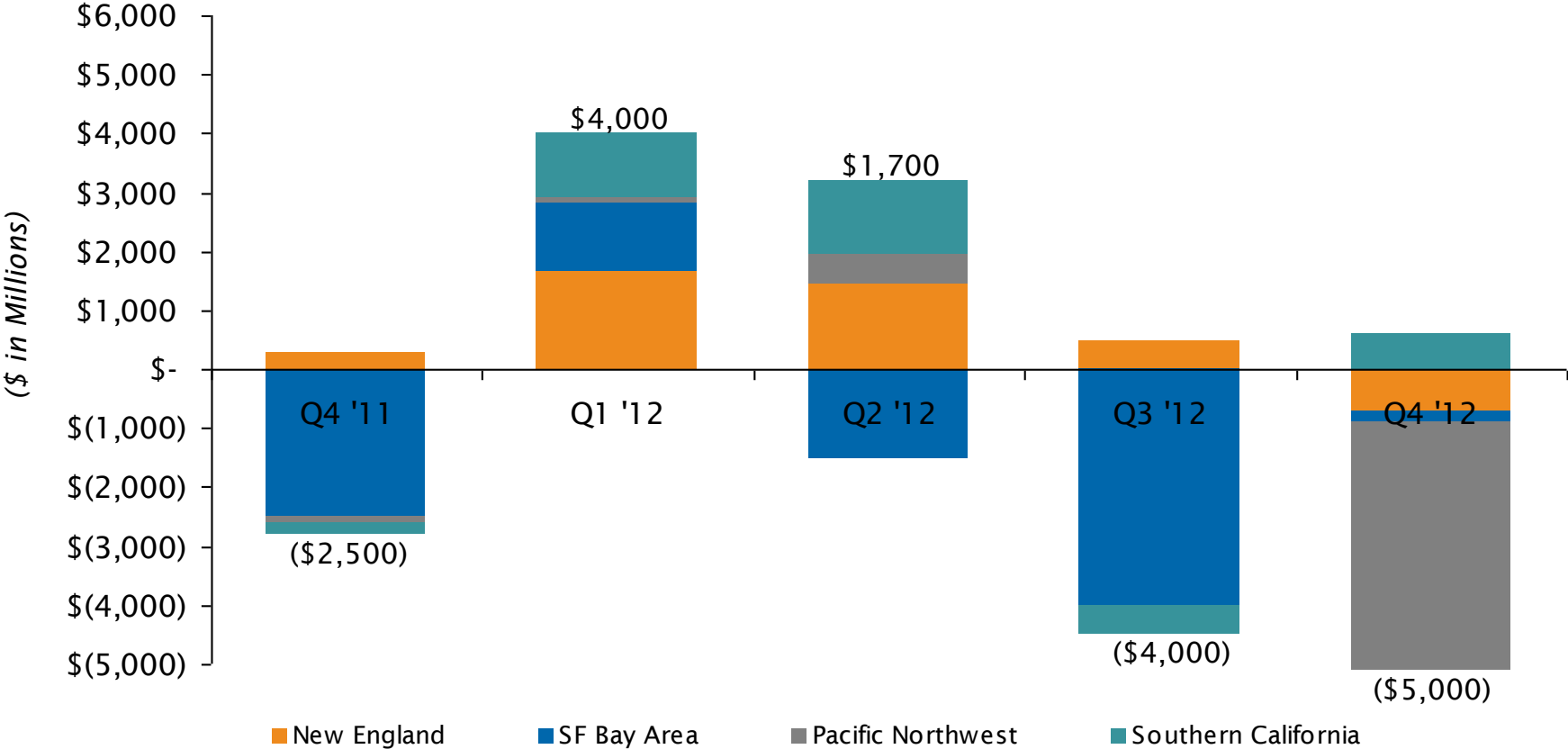
Net Interest Margin



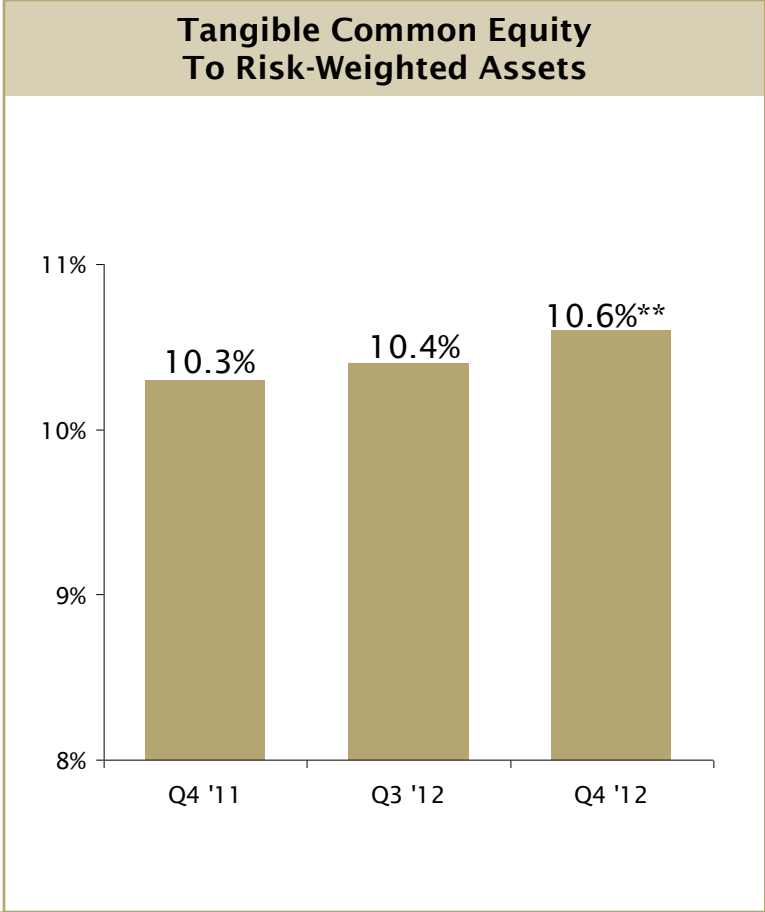
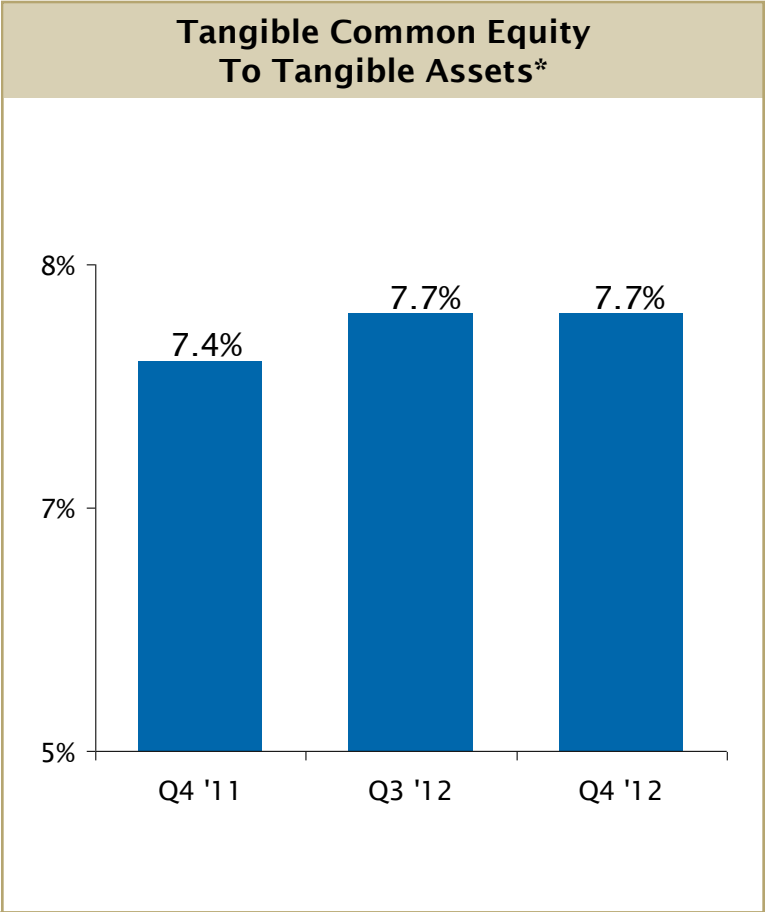
*Including Demand Deposit Accounts

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

Provision/(Credit) for Loan Losses



Capital Position



*Includes Carlyle Preferreds and the redeemable non-controlling interest

**Based on estimated Risk Weighted Assets

Private Bank Performance Highlights – Linked Quarter

(\$millions)	Q3 2012	Q4 2012	% Change	Results Driven By:
NII	\$47.8	\$46.7	(2%)	3% increase in Bank IM&T Fees \$0.9M gain on sale of residential mortgage loans
Core Fees*	\$8.1	\$9.3	15%	
<u>Other Income**</u>	<u>\$0.1</u>	<u>\$0.3</u>	<u>NM</u>	
Total Revenue	\$55.7	\$56.3	1%	
Operating Expenses	\$35.0	\$39.7	14%	Severance associated with Q1 13 reduction in force
Restructuring	\$1.8	\$1.5	(20%)	
<u>Total Expenses</u>	<u>\$36.8</u>	<u>\$41.2</u>	<u>12%</u>	
PTPP***	\$18.9	\$15.1	(20%)	Improvement in Criticized Loans and continued low-levels of Net Charge-Offs
<u>Provision/(Credit)</u>	<u>(\$4.0)</u>	<u>(\$5.0)</u>	<u>25%</u>	
Pre-Tax Income	\$22.9	\$20.1	(12%)	
Efficiency Ratio****	60%	68%	8 pts	

*Includes Bank IM&T fees, other private banking fees and gain on sale of loans

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

***Pre-tax, pre-provision income

****Excludes restructuring; FTE basis

Private Bank Performance Highlights – FY 2012

<i>(\$millions)</i>	FY 2011	FY 2012	% Change
NII	\$186.0	\$189.3	2%
Core Fees*	\$32.5	\$32.5	--
<u>Other Income**</u>	<u>\$6.2</u>	<u>\$1.2</u>	<u>(80%)</u>
Total Revenue	\$224.7	\$223.0	(1%)
Operating Expenses	\$146.3	\$145.2	(1%)
Restructuring	\$5.4	\$4.0	(26%)
<u>Total Expenses</u>	<u>\$151.8</u>	<u>\$149.2</u>	<u>(2%)</u>
PTPP***	\$72.9	\$73.8	1%
<u>Provision</u>	<u>\$13.2</u>	<u>(\$3.3)</u>	<u>NM</u>
Pre-Tax Income	\$59.7	\$77.1	29%
Efficiency Ratio****	63%	63%	--

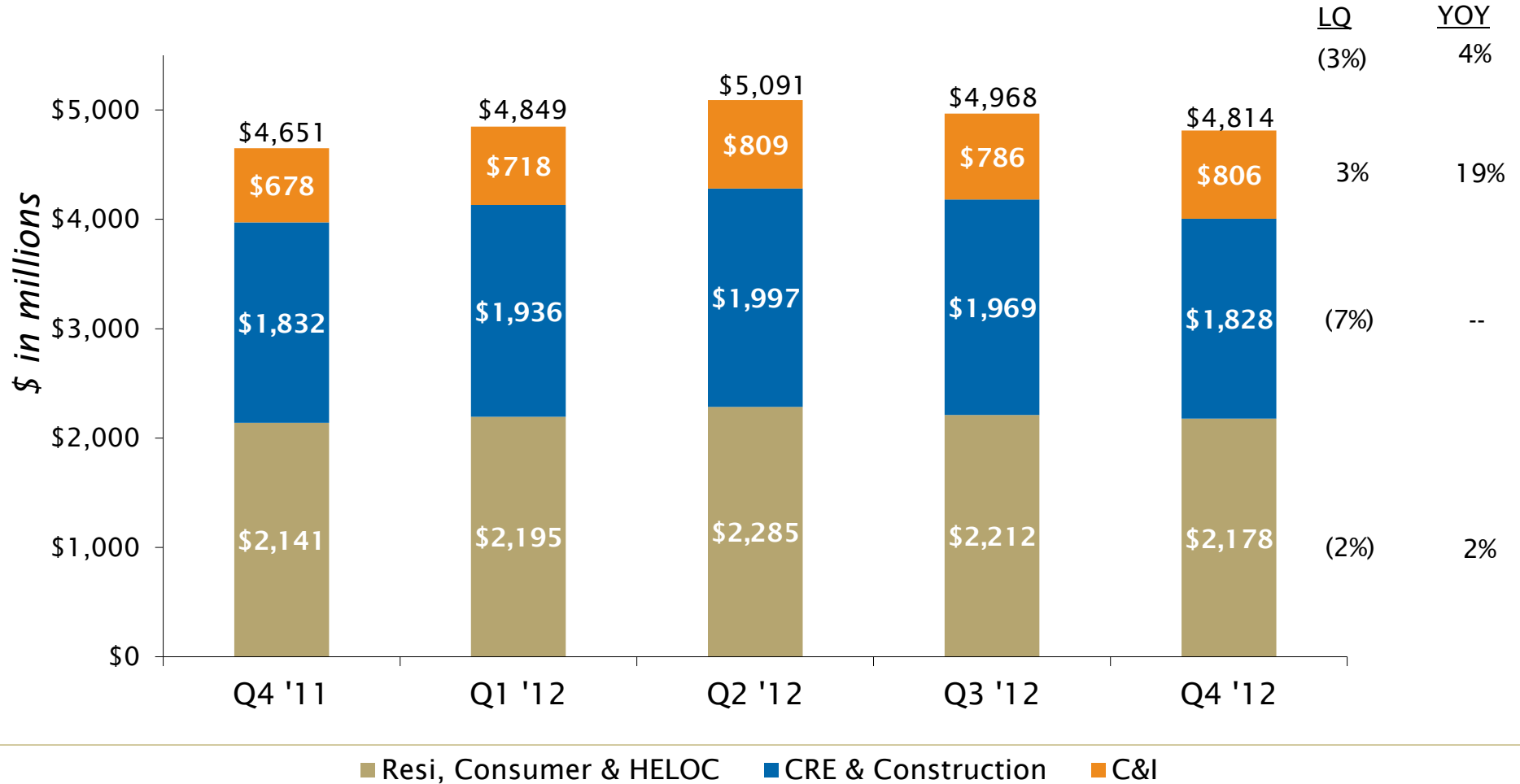
*Includes Bank IM&T fees, other private banking fees and gain on sale of loans

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

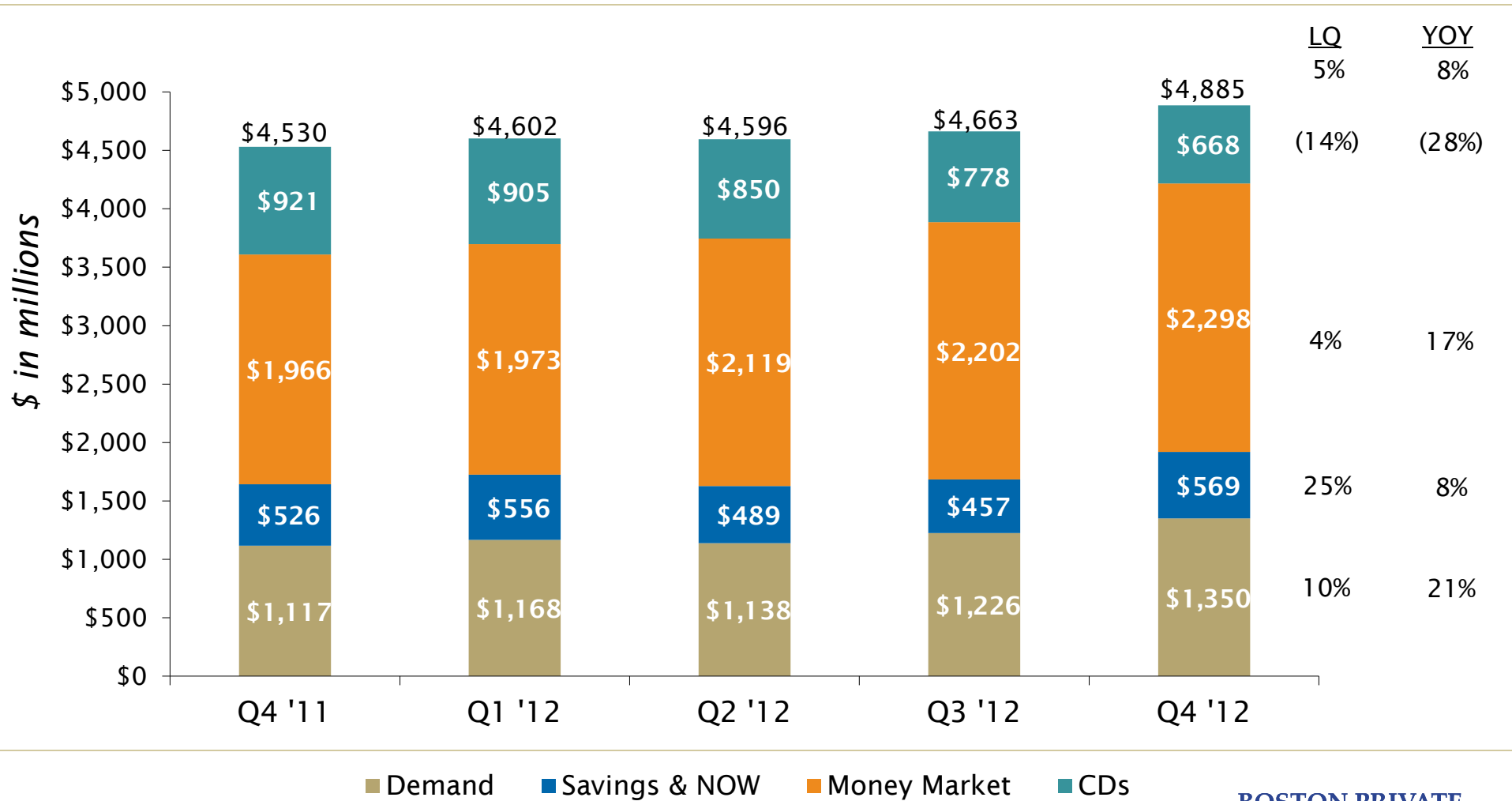
***Pre-tax, pre-provision income

****Excludes restructuring; FTE basis

Loans By Type: Quarterly Trend



Favorable Mix Of Deposits



Investment Management Performance Highlights – Linked Quarter

<i>(\$millions)</i>	Q3 2012	Q4 2012	% Change	Results Driven By:
Inv Mgt Fees	\$10.0	\$10.1	1%	Stable pricing, but lack of positive market action
Total Revenue	\$10.0	\$10.1	1%	
<u>Operating Expenses</u>	<u>\$7.8</u>	<u>\$8.0</u>	<u>2%</u>	
Pre-Tax Income from Continuing Operations	\$2.2	\$2.1	(5%)	
EBITDA Margin	30%	29%	(1 pt)	Stable pricing, stable margins; close to our 30% EBITDA target
Pre-tax Margin	22%	21%	(1 pt)	
AUM (\$B)	\$8.6	\$8.4	(1%)	
Net Flows (\$M)	\$145	(\$59)	NM	

Investment Management Performance Highlights – FY 2012

<i>(\$millions)</i>	FY 2011	FY 2012	% Change	Results Driven By:
Inv Mgt Fees	\$39.8	\$39.2	(2%)	
Total Revenue	\$39.9	\$39.2	(2%)	
<u>Operating Expenses</u>	<u>\$31.2</u>	<u>\$31.4</u>	<u>1%</u>	Flat expenses
Pre-Tax Income	\$8.7	\$7.9	(9%)	
EBITDA Margin	28%	30%	2 pts	
Pre-tax Margin	22%	20%	(2 pts)	
AUM (\$B)	\$7.6	\$8.4	11%	
Net Flows (\$M)	(\$591)	(\$21)	96%	Improvement in flows, driven by strong development by Anchor

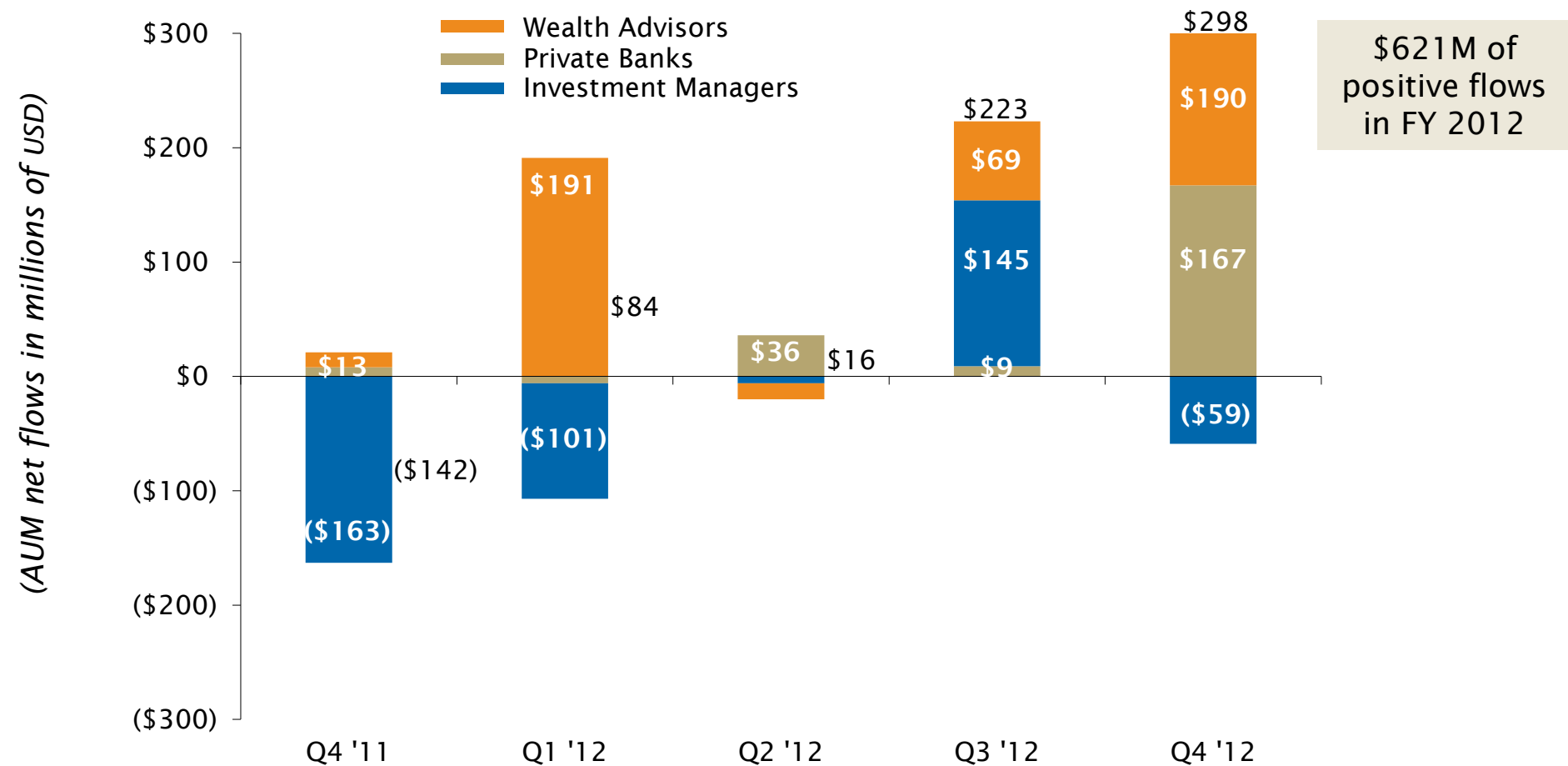
Wealth Advisory Performance Highlights – Linked Quarter

<i>(\$millions)</i>	Q3 2012	Q4 2012	% Change	Results Driven By:
Wealth Adv Fees	\$9.5	\$9.7	3%	AUM build and stable revenue in our Wealth Advisory businesses
Total Revenue	\$9.5	\$9.7	3%	
<u>Operating Expenses</u>	<u>\$6.8</u>	<u>\$7.7</u>	<u>13%</u>	Elevated expenses due to professional fees and non-cash benefit charges
Pre-Tax Income from Continuing Operations	\$2.7	\$2.1	(22%)	
EBITDA Margin	31%	24%	(7 pts)	
Pre-tax Margin	28%	21%	(7 pts)	
AUM (\$B)	\$7.8	\$8.1	3%	Strong flows for BOS and KLS
Net Flows (\$M)	\$69	\$190	NM	

Wealth Advisory Performance Highlights – FY 2012

<i>(\$millions)</i>	FY 2011	FY 2012	% Change	Results Driven By:
Wealth Adv Fees	\$34.6	\$37.7	9%	Strong revenue growth; steady client development and high retention
Total Revenue	\$34.6	\$37.7	9%	
<u>Operating Expenses</u>	<u>\$25.2</u>	<u>\$28.0</u>	<u>11%</u>	Elevated professional fees
Pre-Tax Income	\$9.4	\$9.7	3%	
EBITDA Margin	30%	28%	2 pts	Near target EBITDA margin of 30%
Pre-tax Margin	27%	26%	(1 pt)	
AUM (\$B)	\$7.0	\$8.1	15%	
Net Flows (\$M)	\$207	\$436	NM	

AUM Net Flows



Excluding market changes

Holding Company Costs – Linked Quarter

<i>(\$millions)</i>	Q3 2012	Q4 2012	% Change	Results Driven By:
NII	(\$1.5)	(\$1.3)	13%	Continued repurchase of TRUPs
<u>Other Revenue</u>	<u>\$1.1</u>	<u>\$0.9</u>	<u>(18%)</u>	
Total Revenue	(\$0.3)	(\$0.3)	--	
Operating Expenses	\$5.0	\$5.7	15%	
Restructuring	\$1.7	\$0.2	(91%)	
Total Expenses	\$6.7	\$5.9	(12%)	
<u>Discontinued Operations</u>	<u>\$1.7</u>	<u>\$1.8</u>	<u>9%</u>	
HoldCo Pre-Tax Loss	(\$5.4)	(\$4.4)	18%	

Holding Company Costs – FY 2012

<i>(\$millions)</i>	FY 2011	FY 2012	% Change	Results Driven By:
NII	(\$7.2)	(\$6.0)	16%	
<u>Other Revenue</u>	<u>\$5.4</u>	<u>\$3.8</u>	<u>(30%)</u>	
Total Revenue	(\$1.8)	(\$2.3)	(29%)	
Operating Expenses	\$23.1	\$21.4	(8%)	
Restructuring	\$2.6	\$1.9	(27%)	
Total Expenses	\$25.7	\$23.3	(10%)	Tight management of HoldCo expenses
<u>Discontinued Operations</u>	<u>\$6.1</u>	<u>\$7.6</u>	<u>25%</u>	
HoldCo Pre-Tax Loss	(\$21.4)	(\$17.9)	16%	

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