

BOSTON PRIVATE
FINANCIAL HOLDINGS, INC.

Second Quarter 2013 Results

Clayton Deutsch
CEO & President

David Kaye
Chief Financial Officer

Mark Thompson
CEO, Boston Private Bank & Trust Company

July 18, 2013

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 include, among others, statements regarding our strategy, evaluations of future interest rate trends and liquidity, expectations as to growth in assets, deposits and results of operations, receipt of regulatory approval for pending acquisitions, success of acquisitions, future operations, market position, financial position, and prospects, plans and objectives of management. You should not place undue reliance on the Company's 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 that adversely affect borrowers' ability to service and repay our loans; changes in the value of securities in the Company's investment portfolio, changes in loan default and charge-off rates, the adequacy of loan loss reserves, decreases in deposit levels necessitating increased borrowing to fund loans and investments; 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; 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>	Q1 2013	Q2 2013	% Change	Results Driven By:
NII	\$44.3	\$43.9	(1%)	Investment Management Fees and Wealth Advisory Fees growing 13% year-over-year
Core Fees*	\$29.9	\$30.1	1%	
<u>Other Income**</u>	<u>\$0.7</u>	<u>\$10.7</u>	<u>NM</u>	Gain on sale of Pacific Northwest private banking offices adds \$10.6M in Q2
Total Revenue	\$74.9	\$84.8	13%	
<u>Total Expenses</u>	<u>\$56.6</u>	<u>\$56.7</u>	<u>--</u>	\$1.3M in marketing \$2.4M charge related to liability restructuring and tax-related reserve
PTPP***	\$18.3	\$28.1	53%	
<u>Provision/(Credit)</u>	<u>--</u>	<u>(\$2.0)</u>	<u>NM</u>	
Pre-Tax Income from Continuing Operations	\$18.3	\$30.1	64%	
Efficiency Ratio****	72%	64%	(8 pts)	

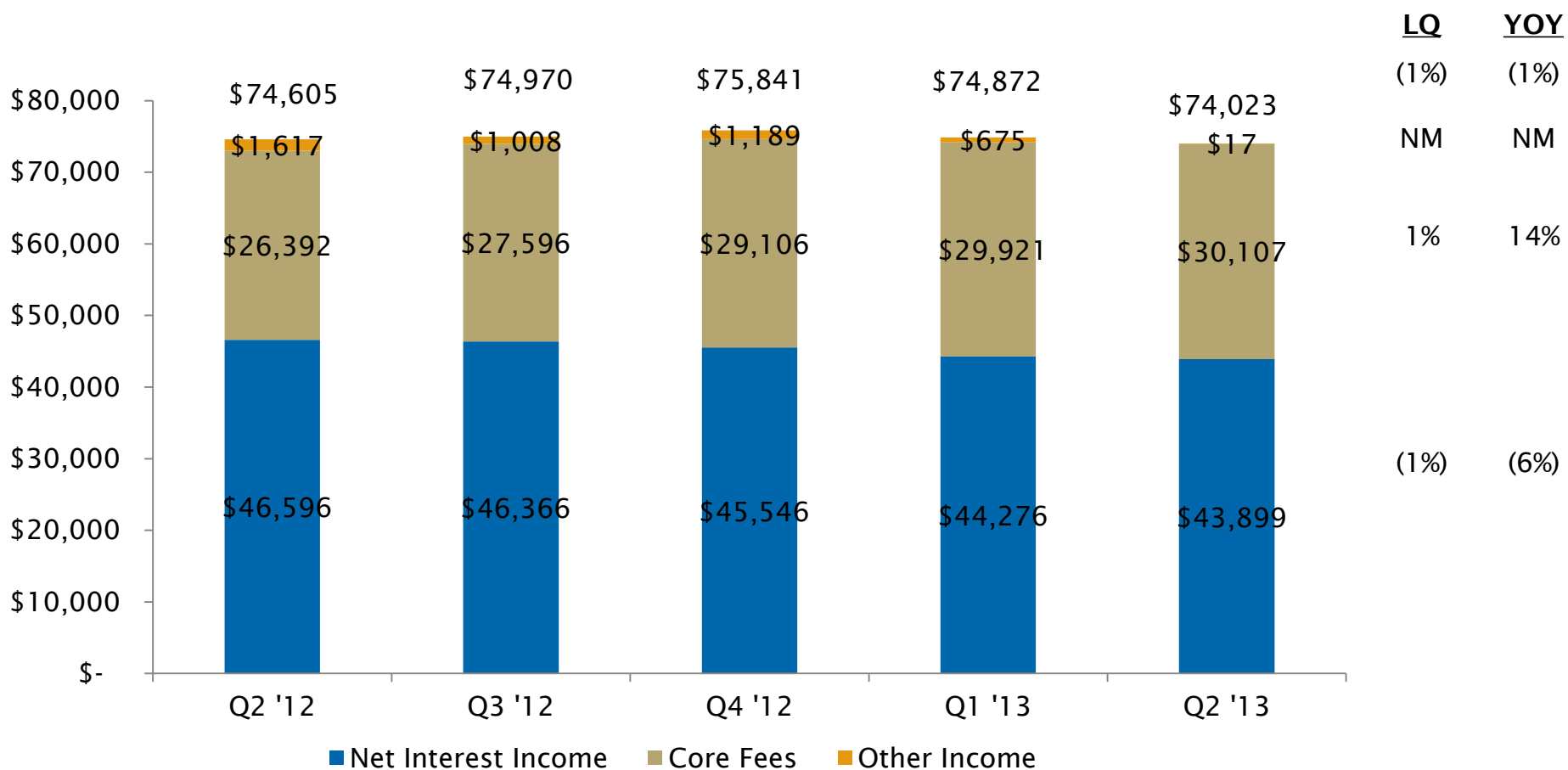
*Includes IM&T fees, wealth advisory fees, private banking fees and gain on sale of loans

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

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

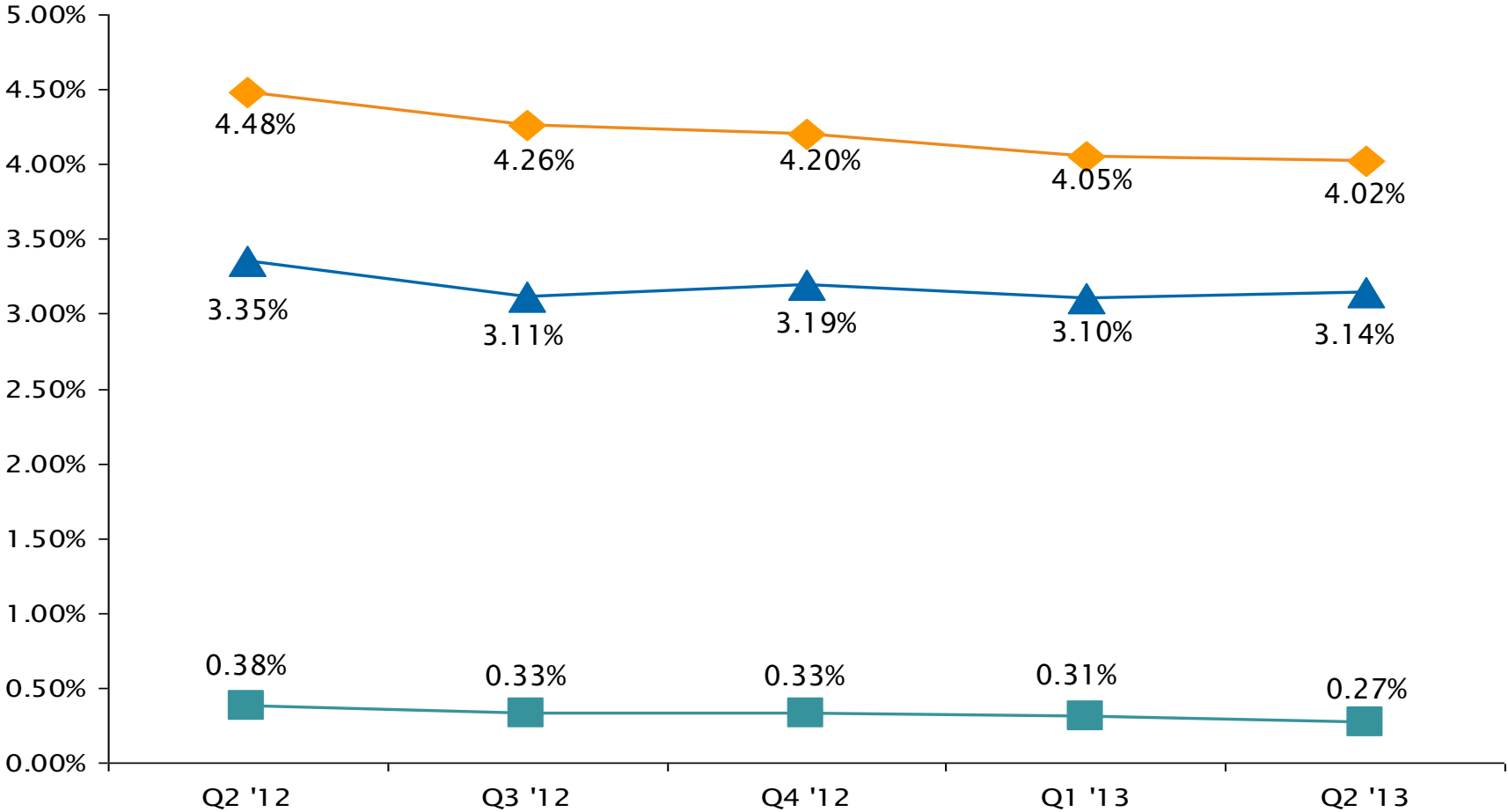
****Excludes restructuring and amortization of intangibles; FTE basis

Spread and Fee-Based Revenues



Q2 '13 excludes gain on sale of PNW offices of \$10.6M

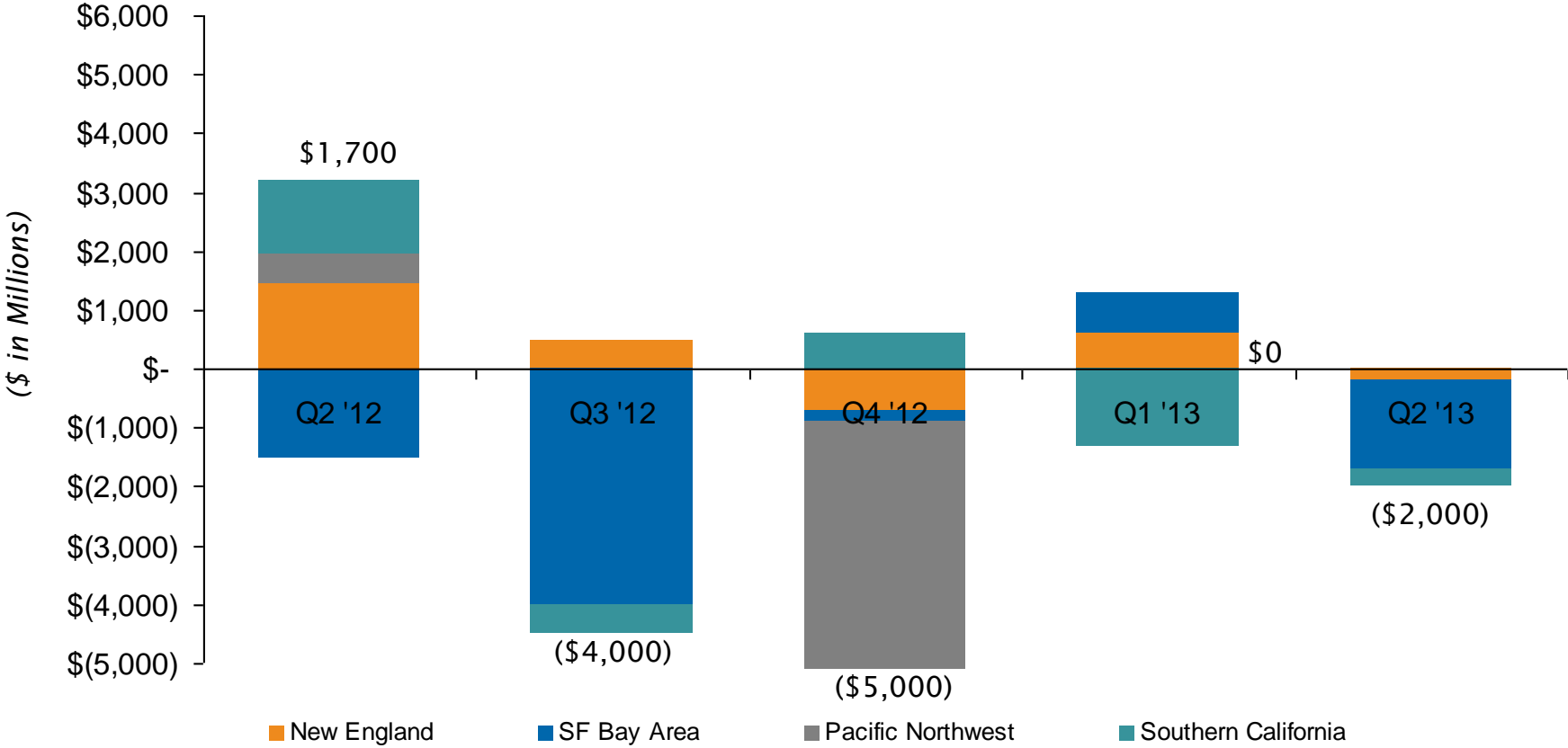
Net Interest Margin



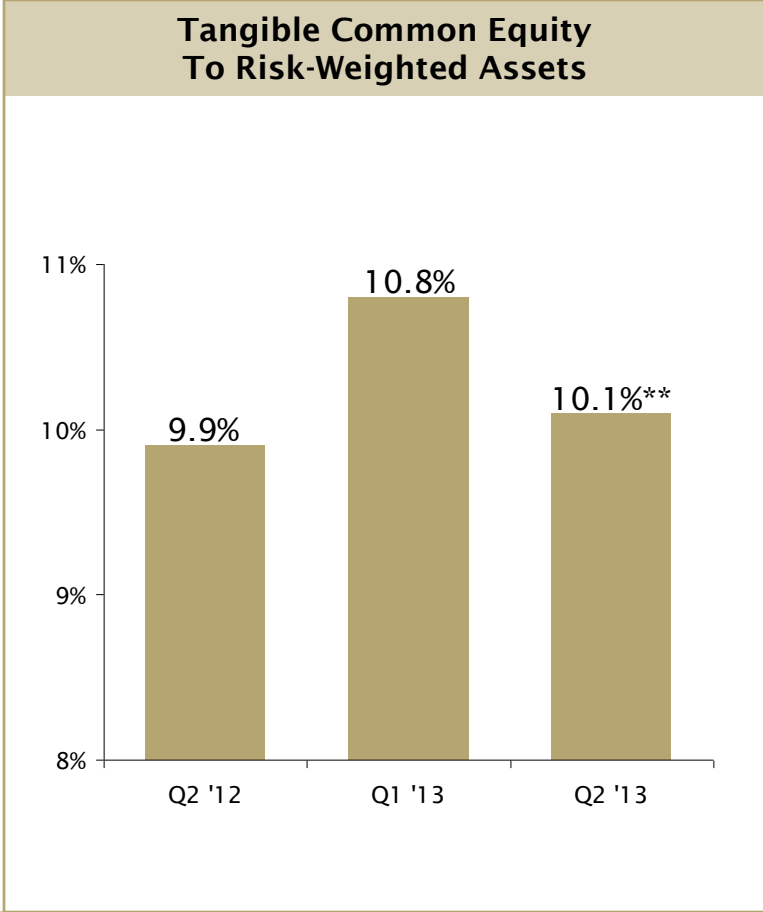
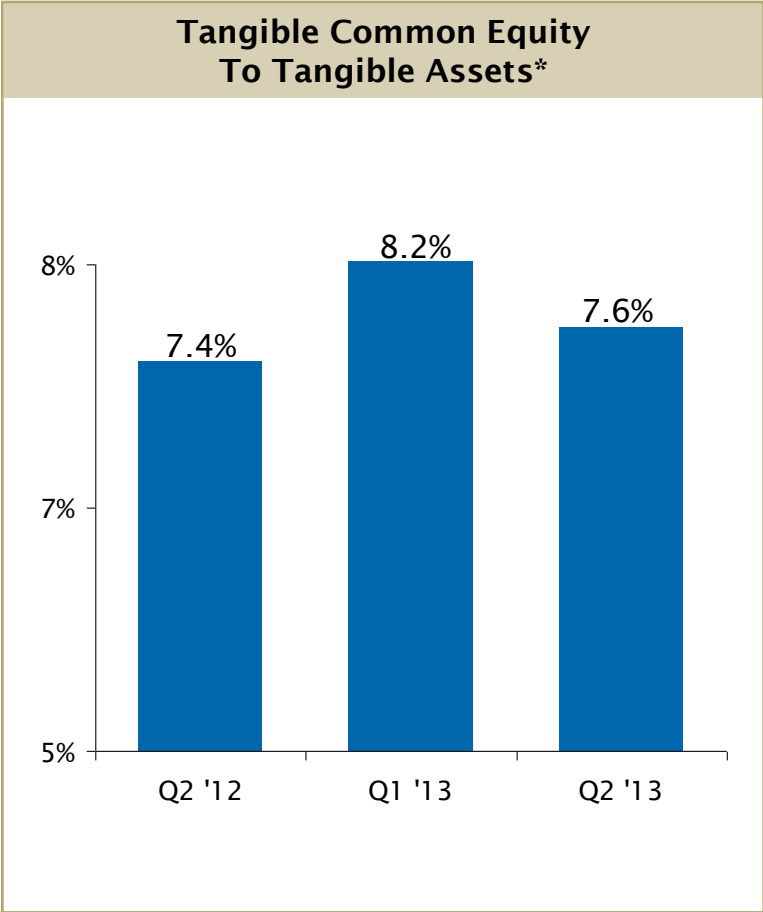
*Including Demand Deposit Accounts

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

Provision/(Credit) for Loan Losses



Capital Position



*Includes redeemable non-controlling interest

**Based on estimated Risk Weighted Assets

Private Bank Performance Highlights – Linked Quarter

<i>(\$millions)</i>	Q1 2013	Q2 2013	% Change	
NII	\$45.4	\$45.0	(1%)	Results Driven By: Lower volumes due to sale of Pacific Northwest offices
Core Fees*	\$9.8	\$8.9	(8%)	
<u>Other Income**</u>	–	<u>\$10.5</u>	<u>NM</u>	Decline in mortgage sales
Total Revenue	\$55.1	\$64.5	17%	
<u>Total Expenses</u>	<u>\$34.6</u>	<u>\$36.5</u>	<u>6%</u>	Continued improvement in credit quality
PTPP***	\$20.5	\$28.0	36%	
<u>Provision/(Credit)</u>	–	<u>(\$2.0)</u>	<u>NM</u>	
Pre-Tax Income	\$20.5	\$30.0	46%	
Efficiency Ratio****	60%	55%	(5 pts)	

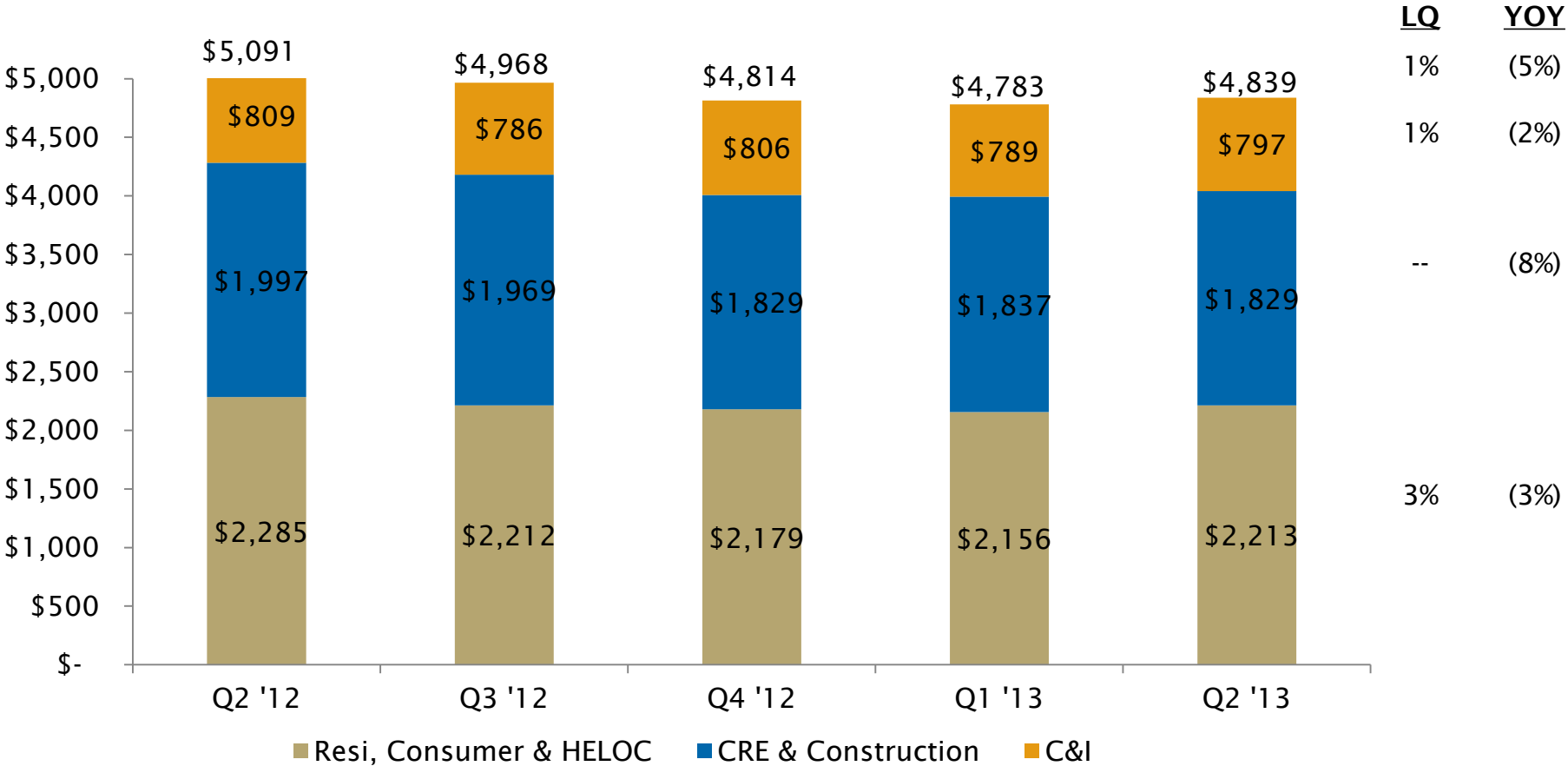
*Includes Bank IM&T fees, other private banking fees and gain on sale of loans

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

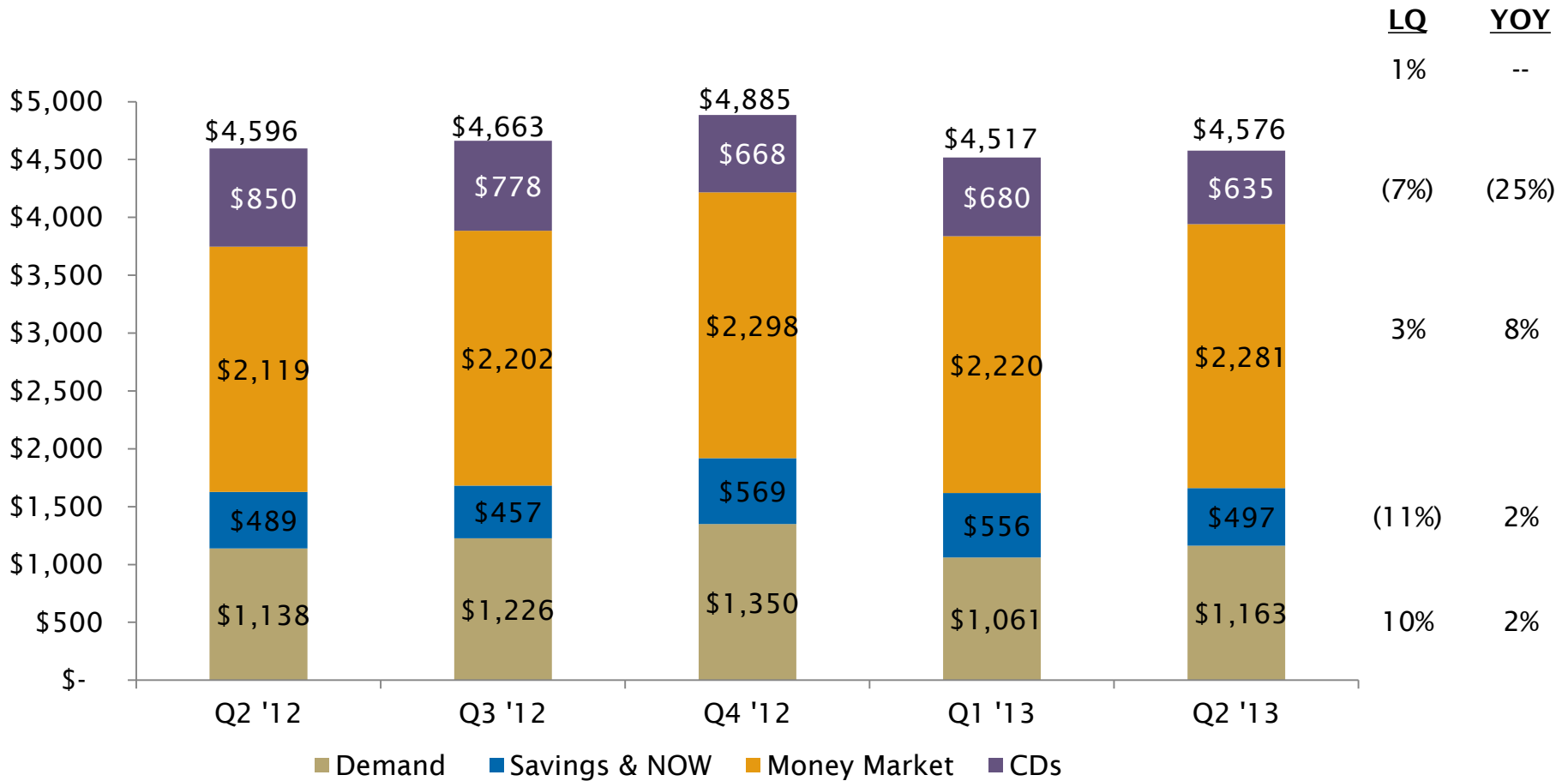
***Pre-tax, pre-provision income

****Excludes restructuring and amortization of intangibles; FTE basis

Loans By Type: Quarterly Trend



Deposits: Quarterly Trend



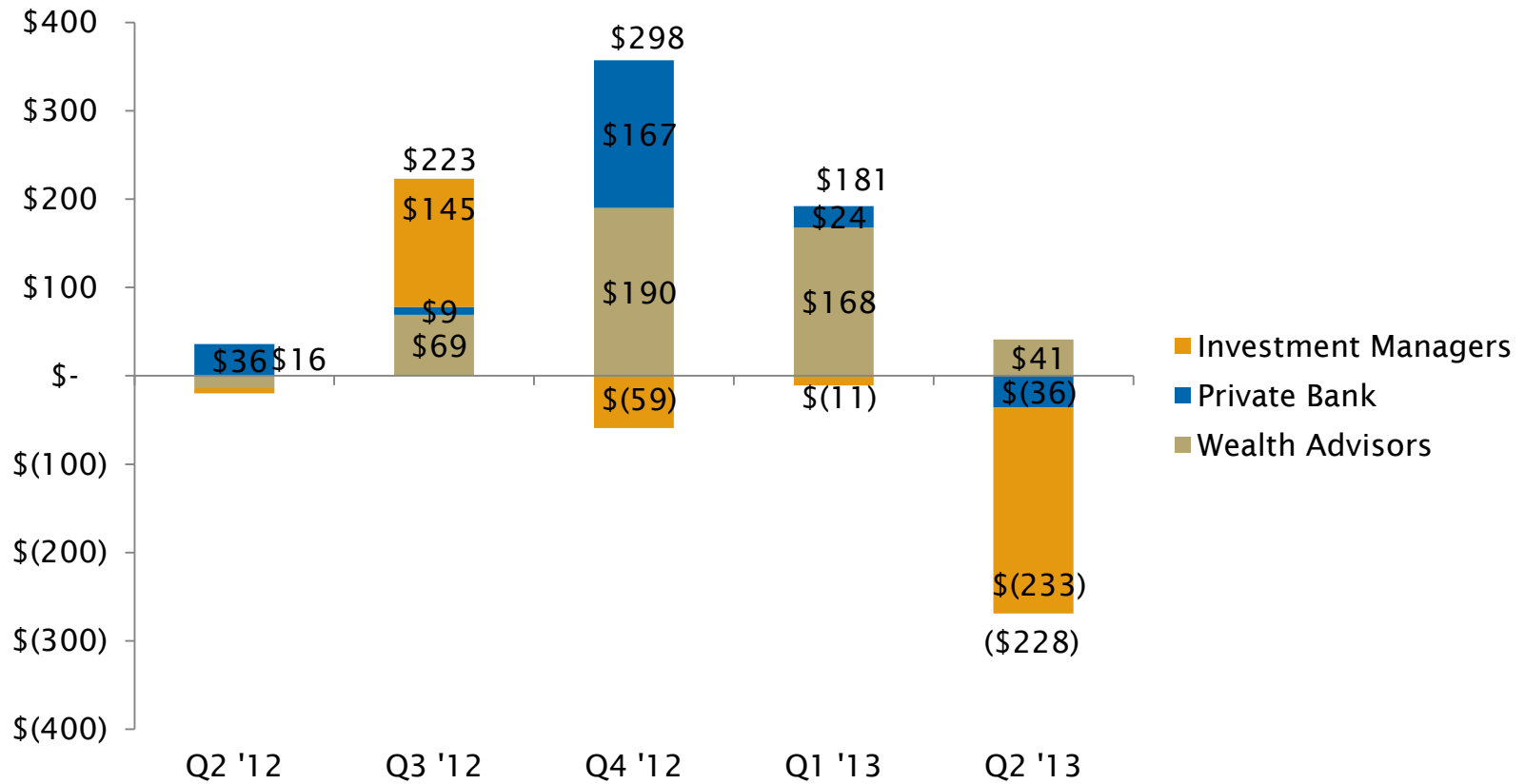
Investment Management Performance Highlights – Linked Quarter

<i>(\$millions)</i>	Q1 2013	Q2 2013	% Change	Results Driven By:
Inv Mgt Fees	\$10.1	\$10.9	8%	Reflects 3/31/13 market action with stable pricing
Total Revenue	\$10.1	\$10.9	8%	
<u>Operating Expenses</u>	<u>\$7.7</u>	<u>\$8.3</u>	<u>7%</u>	
Pre-Tax Income from Continuing Operations	\$2.4	\$2.6	9%	Above our 30% threshold
EBITDA Margin	31%	31%	--	
Pre-tax Margin	23%	24%	1 pt	
AUM (\$B)	\$9.3	\$9.1	(2%)	Flows adversely affected by loss of three large institutional mandates
Net Flows (\$M)	(\$11)	(\$233)	(NM)	

Wealth Advisory Performance Highlights – Linked Quarter

<i>(\$millions)</i>	Q1 2013	Q2 2013	% Change	Results Driven By:
Wealth Adv Fees	\$10.1	\$10.3	2%	AUM build and stable revenue in our Wealth Advisory businesses
Total Revenue	\$10.1	\$10.3	2%	
<u>Operating Expenses</u>	<u>\$7.6</u>	<u>\$6.9</u>	<u>(9%)</u>	Reset after elevated professional fees in Q1
Pre-Tax Income from Continuing Operations	\$2.5	\$3.4	37%	Positive operating leverage; improved margins
EBITDA Margin	27%	36%	9 pts	
Pre-tax Margin	25%	33%	8 pts	
AUM (\$B)	\$8.5	\$8.5	--	
Net Flows (\$M)	\$168	\$41	(76%)	Flows remain positive 1H 2013 flows of \$209M, up 18% vs. \$177M in 1H 2012

AUM Net Flows



Holding Company Costs – Linked Quarter

<i>(\$millions)</i>	Q1 2013	Q2 2013	% Change	Results Driven By:
NII	(\$1.1)	(\$1.1)	--	
<u>Other Revenue</u>	<u>\$0.7</u>	<u>\$0.2</u>	<u>(73%)</u>	Decline in compensation due to \$1.5M valuation benefit update and FICA in Q1
Total Revenue	(\$0.4)	(\$0.9)	NM	
Total Expenses	\$6.6	\$5.0	(25%)	
<u>Discontinued Operations</u>	<u>\$1.7</u>	<u>\$2.8</u>	<u>62%</u>	Payments from previously divested affiliates
HoldCo Pre-Tax Loss	(\$5.3)	(\$3.1)		

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