

BOSTON PRIVATE
FINANCIAL HOLDINGS, INC.

First Quarter 2014 Results

Clayton Deutsch
CEO & President

David Kaye
Chief Financial Officer

Mark Thompson
CEO, Boston Private Bank & Trust Company

April 16, 2014

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; 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, or 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, dispositions and restructurings; 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

(\$millions)	Q4 2013	Q1 2014	% Change	Results Driven By:
NII	\$43.5	\$44.5	2%	6 bps of NIM expansion
Core Fees*	\$32.8	\$31.7	(4%)	
<u>Other Income**</u>	<u>\$1.5</u>	<u>\$1.0</u>	<u>(29%)</u>	Q4 13 Core Fees included \$1.2M of seasonal performance fees
Total Revenue	\$77.9	\$77.3	(1%)	
<u>Total Expenses</u>	<u>\$55.5</u>	<u>\$55.0</u>	<u>(1%)</u>	Remains elevated due to seasonal compensation charges
PTPP***	\$22.4	\$22.3	---	
<u>Provision/(Credit)</u>	<u>(\$2.0)</u>	<u>(\$1.2)</u>	<u>(40%)</u>	
Pre-Tax Income from Continuing Operations	\$24.4	\$23.5	(4%)	
Efficiency Ratio****	68%	68%	---	

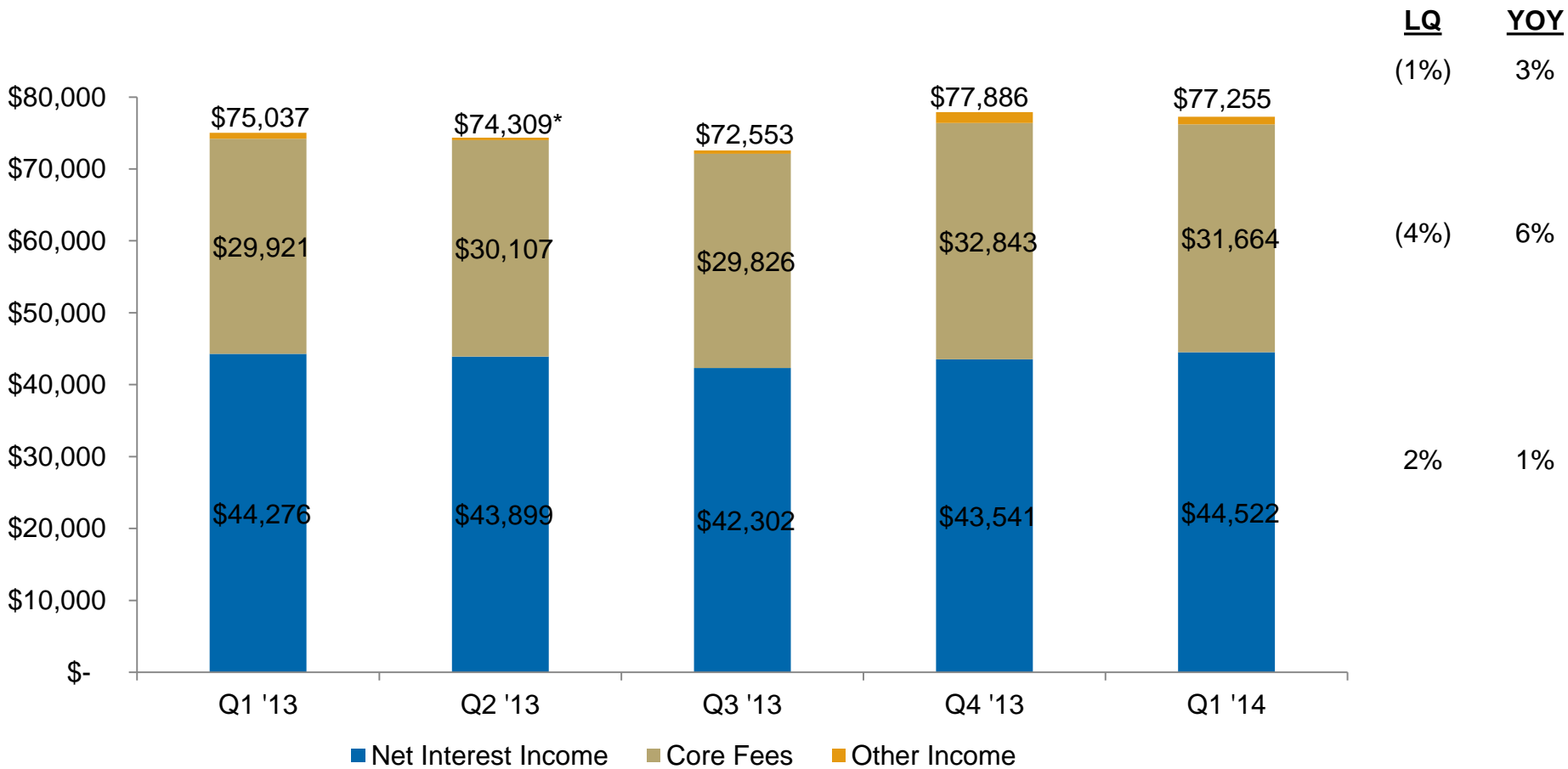
*Includes WM&T fees, wealth advisory fees, private banking fees and gain on sale of loans

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

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

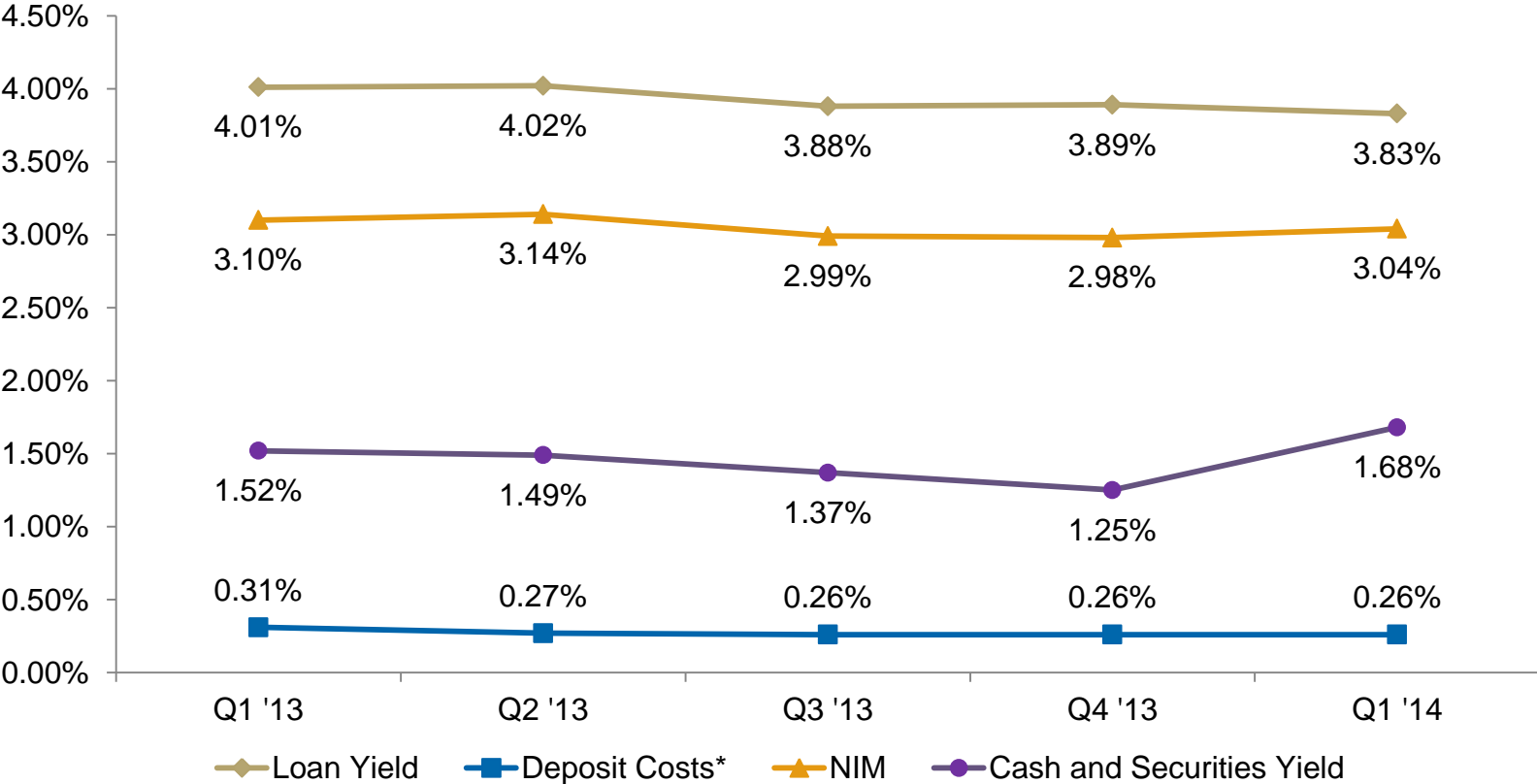
****Excludes restructuring and amortization of intangibles; FTE basis

Spread and Fee-Based Revenues



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

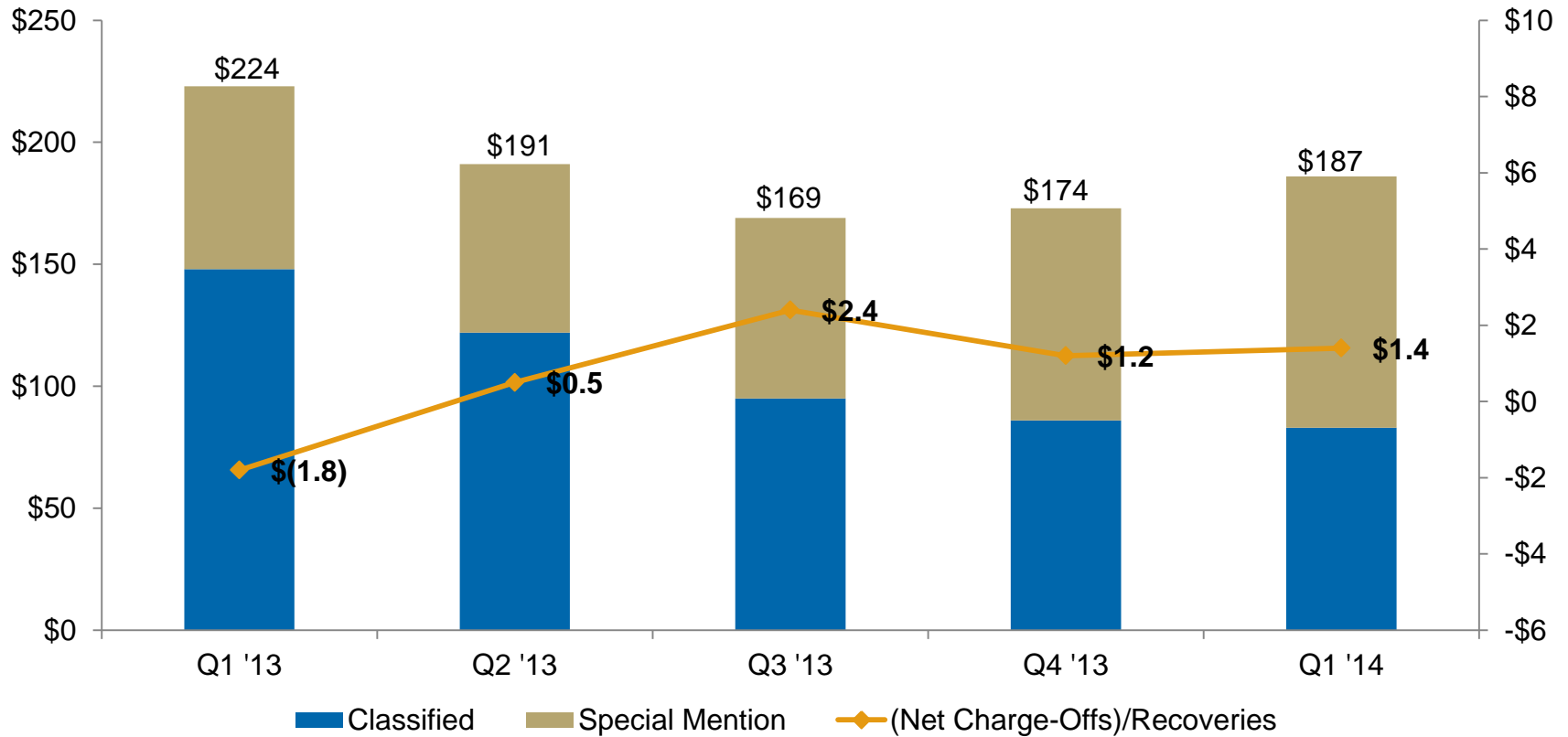
Net Interest Margin



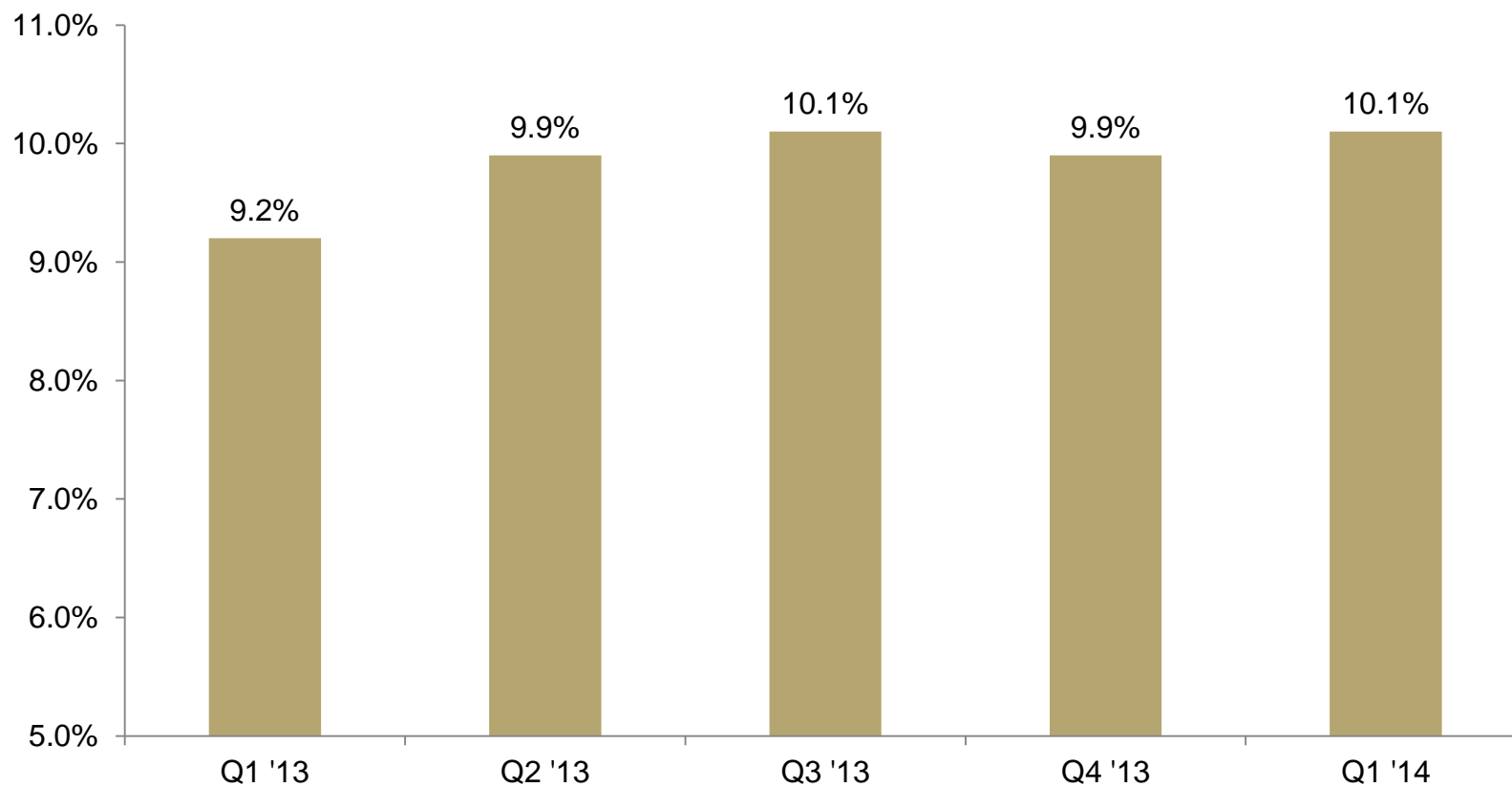
*Includes Demand Deposit Accounts

Criticized Loans

Q1 '14 provision credit of \$1.2M driven by \$1.4M in net recoveries



Tier 1 Common Equity/Risk Weighted Assets



Private Bank Performance Highlights – Linked Quarter

<i>(\$millions)</i>	Q4 2013	Q1 2014	% Change	Results Driven By:
NII	\$44.5	\$45.4	2%	6 bps of NIM expansion
Core Fees*	\$9.2	\$8.7	(5%)	
<u>Other Income**</u>	<u>\$1.3</u>	<u>\$0.9</u>	<u>(26%)</u>	Wealth Management & Trust fees up 3% Lower swap fees
Total Revenue	\$54.9	\$55.0	---	
<u>Total Expenses</u>	<u>\$35.4</u>	<u>\$33.6</u>	<u>(5%)</u>	Decreases in compensation and benefits, professional fees and marketing
PTPP***	\$19.6	\$21.4	10%	
<u>Provision/(Credit)</u>	<u>(\$2.0)</u>	<u>(\$1.2)</u>	<u>(40%)</u>	
Pre-Tax Income	\$21.6	\$22.6	5%	
Efficiency Ratio****	62%	59%	(3 pts)	

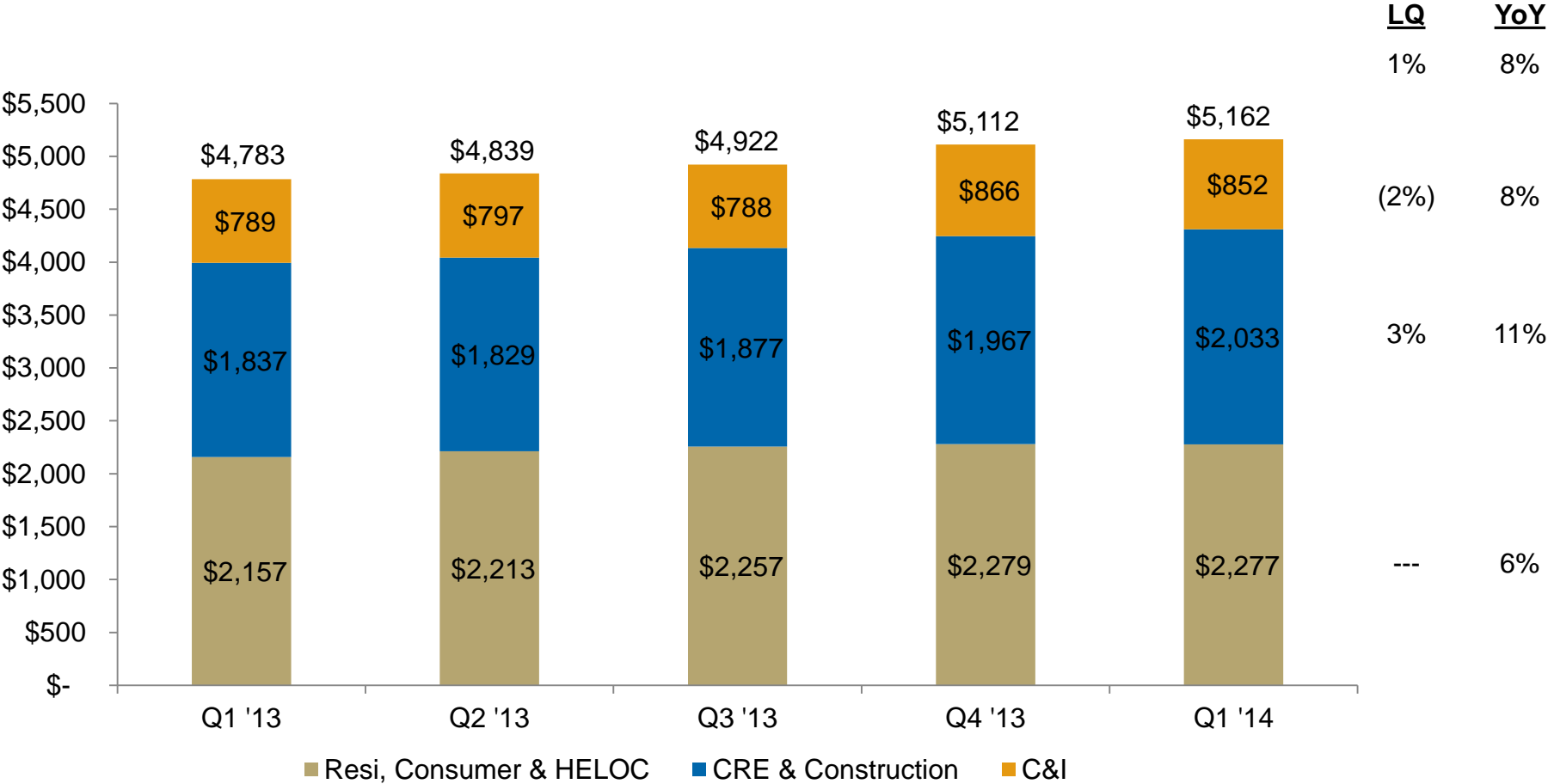
*Includes Bank WM&T fees, other private banking fees and gain on sale of loans

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

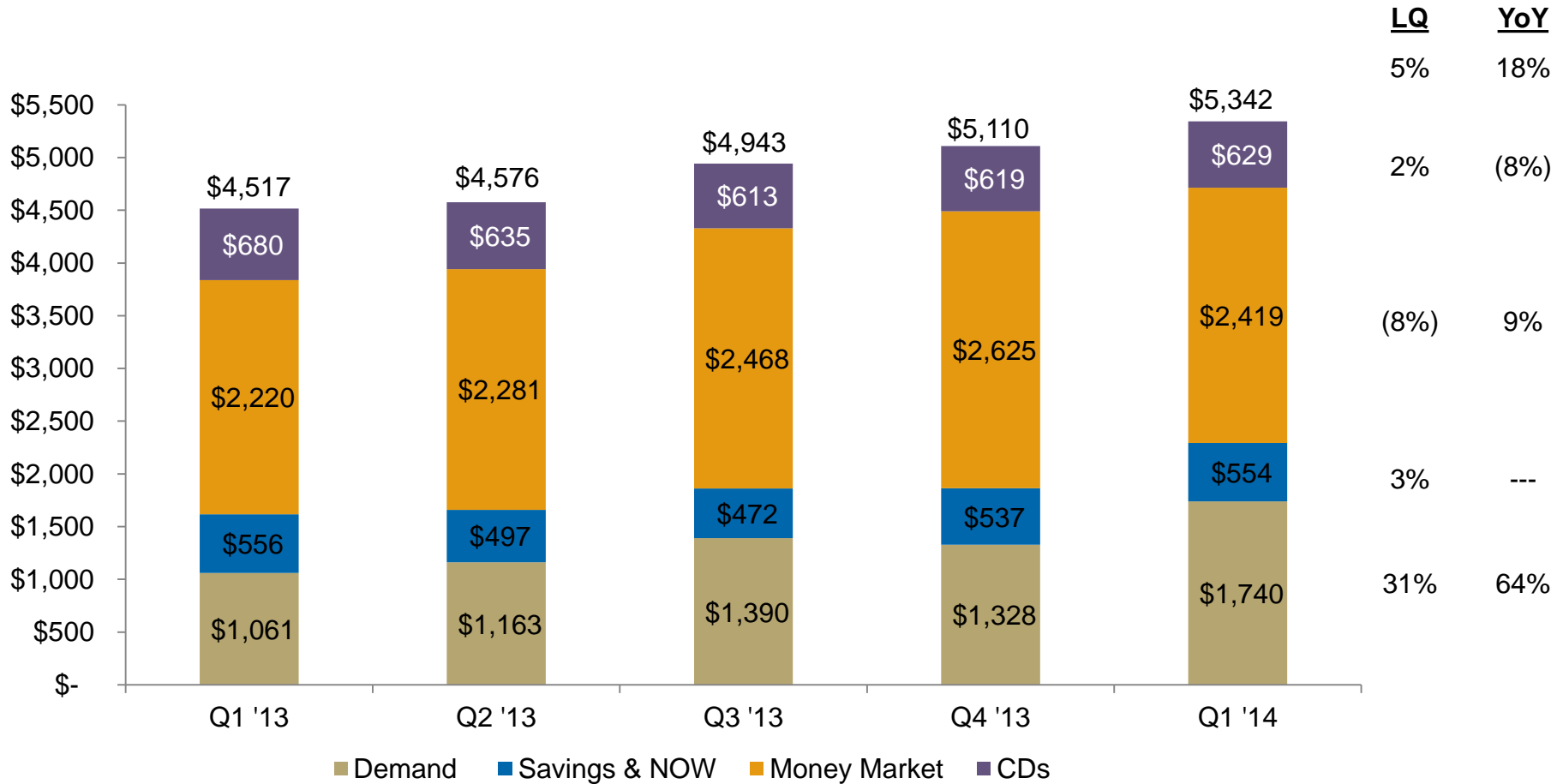
***Pre-tax, pre-provision income

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

Loans By Type: Quarterly Trend



Deposits: Quarterly Trend



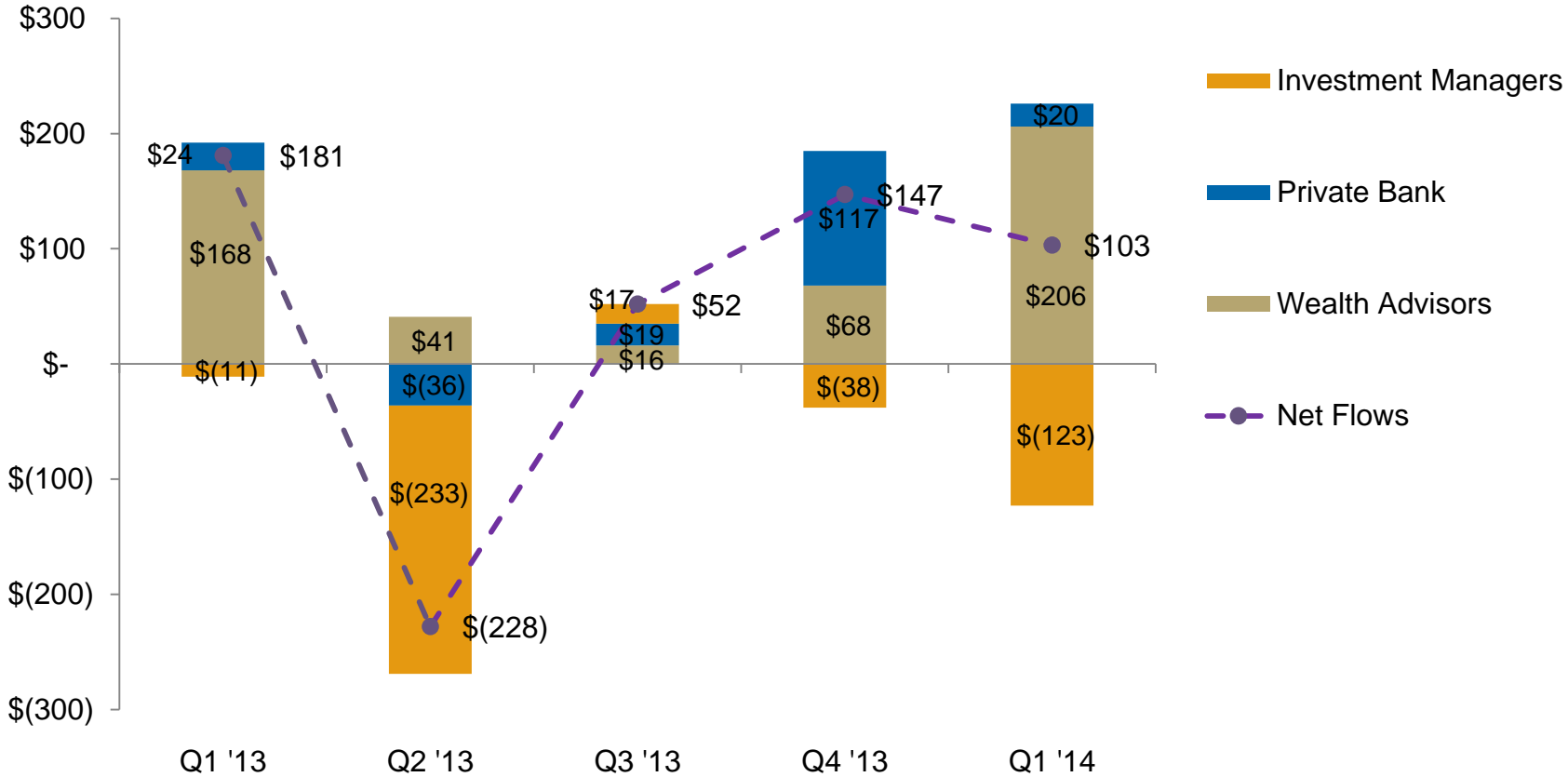
Investment Management Performance Highlights – Linked Quarter

<i>(\$millions)</i>	Q4 2013	Q1 2014	% Change	Results Driven By:
Inv Mgt Fees	\$12.4	\$11.5	(7%)	Q4 13 Core Fees included \$1.2M of seasonal performance fees
Total Revenue	\$12.4	\$11.5	(7%)	
<u>Operating Expenses</u>	<u>\$8.8</u>	<u>\$8.3</u>	(5%)	
Pre-Tax Income from Continuing Operations	\$3.6	\$3.1	(14%)	Above our 30% target
EBITDA Margin	35%	34%	(1 pt)	
Pre-tax Margin	29%	27%	(2 pts)	
AUM (\$B)	\$10.4	\$10.5	1%	
Net Flows (\$M)	(\$38)	(\$123)	NM	

Wealth Advisory Performance Highlights – Linked Quarter

<i>(\$millions)</i>	Q4 2013	Q1 2014	% Change	Results Driven By:
Wealth Adv Fees	\$11.3	\$11.5	2%	Steady growth and stable pricing
Total Revenue	\$11.3	\$11.5	2%	
<u>Operating Expenses</u>	<u>\$7.8</u>	<u>\$7.8</u>	---	
Pre-Tax Income from Continuing Operations	\$3.5	\$3.7	6%	
EBITDA Margin	33%	34%	1 pt	Above our 30% target
Pre-tax Margin	31%	32%	1 pt	
AUM (\$B)	\$9.3	\$9.6	3%	
Net Flows (\$M)	\$68	\$206	NM	Strong new business development

AUM Net Flows



*Assets Under Management/Advisory
Dollars in millions

BOSTON PRIVATE
FINANCIAL HOLDINGS, INC.

First Quarter 2014 Results

Clayton Deutsch
CEO & President

David Kaye
Chief Financial Officer

Mark Thompson
CEO, Boston Private Bank & Trust Company

April 16, 2014