

Third Quarter 2016 Results

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BOSTON PRIVATE

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, prospects for growth in assets, and prospects for overall results over the long term. 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 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 and other assets; 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 statement is made.



Consolidated Performance Metrics

(\$ in millions except per share data)

	3Q16	2Q16	3Q15
Return on Average Common Equity	10.2%	8.7%	7.3%
Return on Average Tangible Common Equity	14.3%	12.4%	10.9%
Core Fee Income Ratio	42%	44%	46%
Efficiency Ratio (FTE) ¹	65%	70%	66%
Tier 1 Common Equity Ratio	10.0% ²	10.0%	9.7%
Total AUM	\$27,527	\$27,276	\$27,406
Diluted EPS	\$0.22	\$0.18	\$0.16

Notes:

(1) Excludes restructuring

(2) Estimated

Consolidated Income Statement

(\$ in millions)	% Change				
	3Q16	2Q16	3Q15	LQ	Y/Y
Net Interest Income	\$49.9	\$49.2	\$46.5	1%	7%
Core Fees	37.9	37.6	39.4	1%	(4%)
Total Other Income	2.1	(0.8)	0.0	NMF	NMF
Total Revenue	\$89.9	\$86.0	\$85.9	5%	5%
Operating Expenses	\$61.7	\$64.7	61.9	(5%)	(0%)
Pre-tax Pre-Provision Income	\$28.2	\$21.2	\$24.0	33%	18%
Provision Expense / (Credit)	(0.1)	(2.5)	2.6	NMF	NMF
Pre-tax Income from Continuing Operations	\$28.4	\$23.8	\$21.4	19%	33%
Taxes	8.7	7.6	8.2	13%	6%
Discontinued Operations	1.0	1.2	1.3	(16%)	(20%)
NCI	1.1	1.0	1.0	12%	12%
Net Income	\$19.6	\$16.4	\$13.5	20%	45%

Comments

- Total Revenue increased 5% linked quarter driven by increases in Net Interest Income and Total Other Income
- Total Other Income was positively impacted by a \$1.2 million market value adjustment of derivatives
- Effective tax rate in 3Q16 was 31% compared to 32% in 2Q16 and 38% in 3Q15

Consolidated Expense Trends

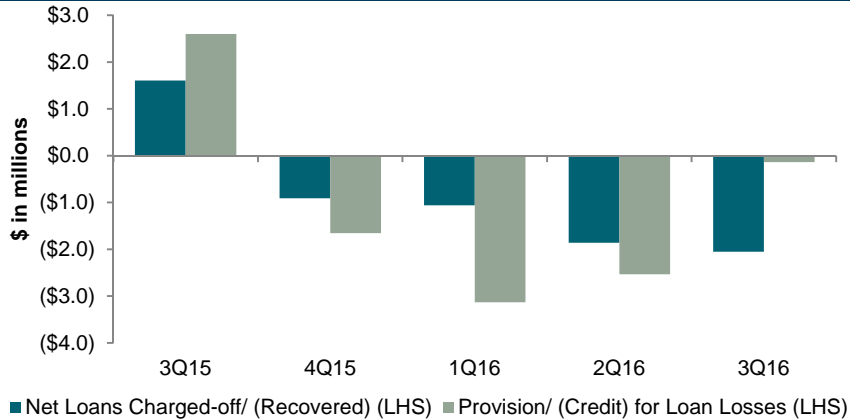
(\$ in millions)	% Change				
	3Q16	2Q16	3Q15	LQ	Y/Y
Operating Expenses:					
Salaries and employee benefits	\$40.9	\$40.6	\$37.9	1%	8%
Occupancy and equipment	9.5	9.9	9.1	(4%)	5%
Professional services	2.3	3.0	2.8	(24%)	(20%)
Marketing and business development	1.6	1.8	2.0	(10%)	(19%)
Contract services and data processing	1.9	1.7	1.6	7%	17%
Amortization of intangibles	1.6	1.6	1.7	(1%)	(5%)
FDIC insurance	0.7	1.0	0.9	(29%)	(21%)
Restructuring	-	0.9	1.5	NMF	NMF
Other	3.2	4.1	4.4	(23%)	(28%)
Total Operating Expenses	\$61.7	\$64.7	\$61.9	(5%)	(0%)

Comments

- Professional services declined due to decreases in legal and consulting fees
- Other expense decreased as 2Q16 included one-time expenses related to FHLB debt prepayment costs
- FDIC insurance premiums declined due to changes to FDIC assessment rates

Asset Quality

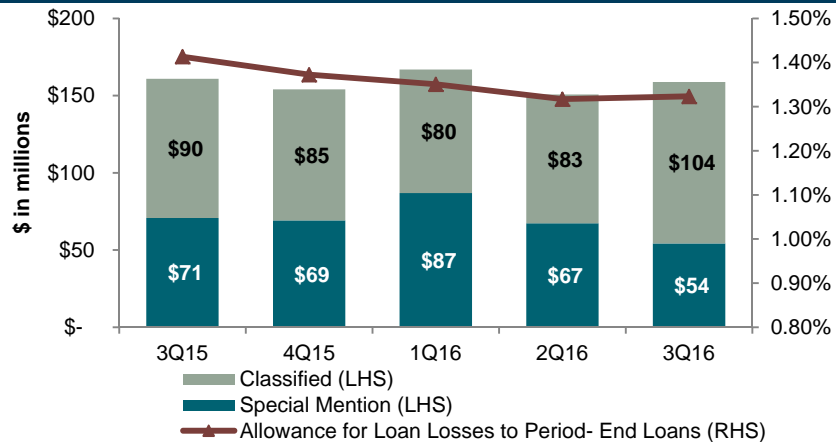
Net Charge-offs & Provision for Loan Losses



Comments

- Our provision for loan loss continues to track our quarterly Net-Charge-offs / Net-Recoveries
- The Company recorded a provision credit of \$0.1 million in 3Q16 due to net recoveries and a decrease in loss factors partially offset by an increase in criticized loans and loan growth

Criticized Loans & Allowance for Loan Losses



- Allowance for Loan Loss as a percent of Total Loans finished the quarter at 1.32%



Private Bank Performance Highlights

(\$ in millions)	% Change				
	3Q16	2Q16	3Q15	LQ	Y/Y
Net Interest Income	\$50.4	\$49.7	\$47.4	1%	6%
Core Fees	3.6	3.2	3.1	13%	15%
Total Other Income	1.9	(1.0)	(0.4)	NMF	NMF
Total Revenue	\$55.9	\$51.9	\$50.1	8%	12%
Operating Expenses	\$30.4	\$32.1	\$27.4	(5%)	11%
Pre-tax Pre-Provision Income	\$25.5	\$19.8	\$22.7	29%	12%
Provision Expense / (Credit)	(0.1)	(2.5)	2.6	NMF	NMF
Pre-tax Income	\$25.6	\$22.4	\$20.1	15%	27%
Taxes	8.2	7.0	6.3	17%	31%
Net Income	\$17.4	\$15.3	\$13.8	14%	26%

Comments

- Net Interest Income increased 1% linked quarter as a larger average balance sheet offset a lower NIM
- Total Other Income for the quarter was positively impacted by a \$1.2 million derivative market value adjustment. The negative impact during the 2Q16 quarter was (\$1.5 million)
- Operating Expenses increased 11% year-over-year partially reflecting a reallocation of personnel expense from the holding company into the Private Banking segment

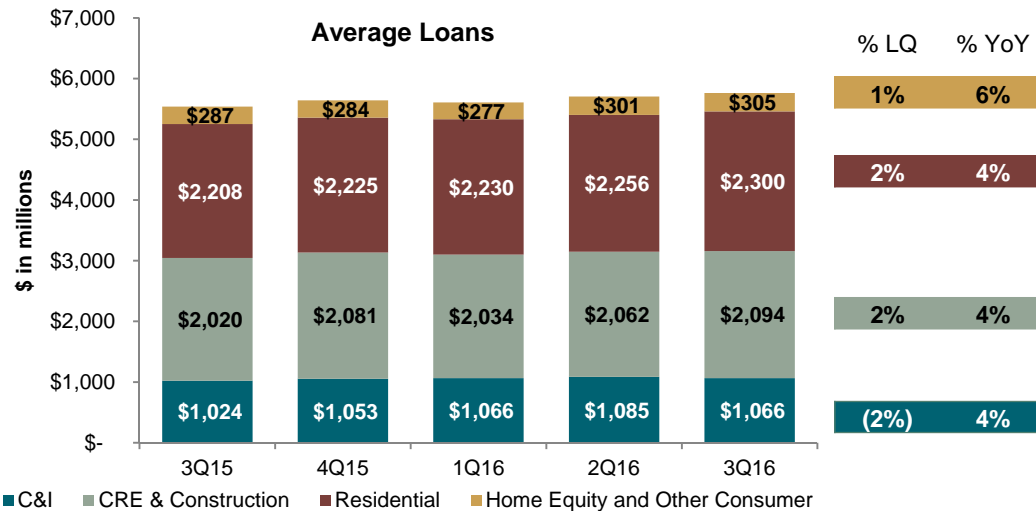
Key Statistics

	3Q16	2Q16	3Q15
Efficiency Ratio (FTE)	52%	59%	52%
Net Interest Margin	2.92%	2.95%	2.91%
Average Loan-to-Deposits Ratio ¹	96%	99%	95%

Notes:

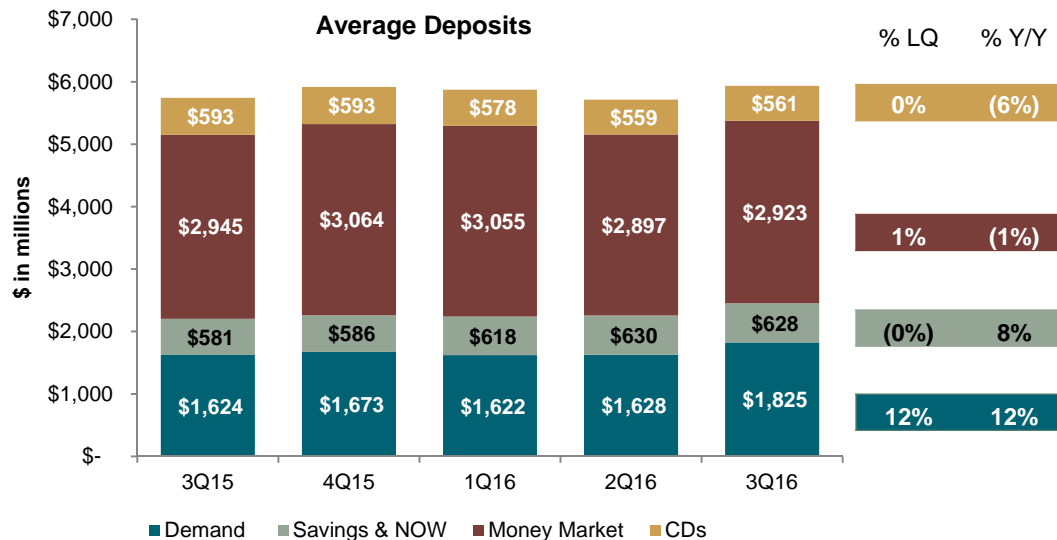
(1) Reflects bank subsidiary only.

Balance Sheet Highlights



Comments

- Total Average Loans increased 4% year-over-year with consistent growth of 4% in C&I, CRE & Construction, and Residential

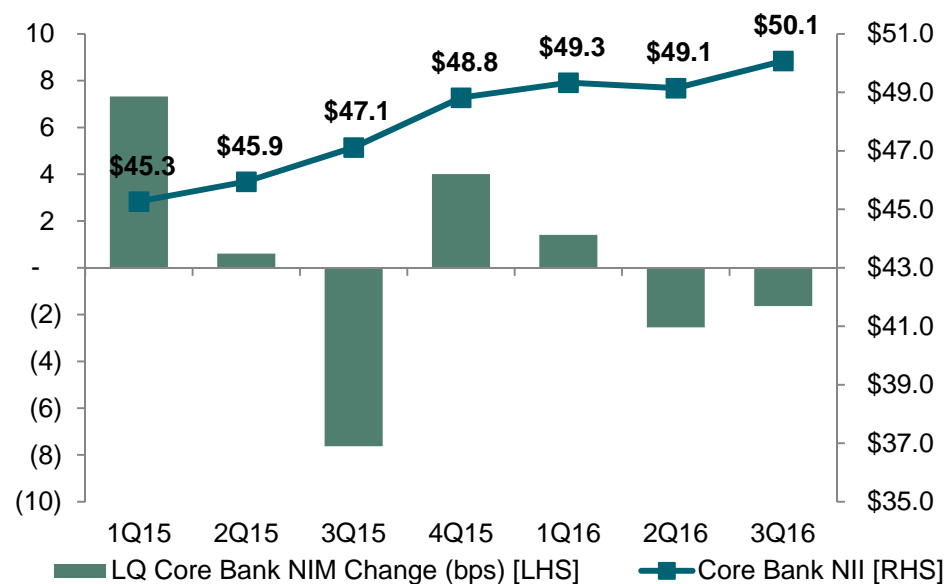


- Total Average Deposits increased 3% year-over-year to \$5.9 billion
- Low cost sources of funding, Demand (+12%) and Savings (+8%), both posted strong year-over-year growth
- CDs continue to trend lower, down 6% year-over-year



Private Banking Net Interest Margin

Core Bank NIM vs. Core Bank NII (\$ in mm)



Comments

- Core Bank NII resumed its growth trend to \$50.1 million
- Excluding interest recovered on previous nonaccrual loans, Core Net Interest Margin decreased two basis points to 2.90%
- Cost of Funds Including DDA decreased to 0.37% as a result of the mix shift to Demand Deposit accounts during the quarter

Core Bank Yield/ Cost

	3Q15	4Q15	1Q16	2Q16	3Q16
Cash and Investments	1.89%	1.97%	2.12%	2.13%	2.09%
Loans	3.58%	3.62%	3.66%	3.58%	3.55%
Interest-Bearing Deposits	0.38%	0.40%	0.39%	0.40%	0.40%
Total Interest-Bearing Liabilities	0.51%	0.52%	0.51%	0.52%	0.51%
Cost of Funds Including DDA	0.38%	0.38%	0.38%	0.39%	0.37%
Net Interest Margin (FTE)	2.91%	2.94%	3.01%	2.95%	2.92%
Core Net Interest Margin (FTE)	2.89%	2.93%	2.94%	2.92%	2.90%

Boston Private Wealth Performance Highlights

(\$ in millions)					
				% Change	
	3Q16	2Q16	3Q15	LQ	Y/Y
Total Revenue	\$10.9	\$11.3	\$12.9	(3%)	(16%)
Operating Expenses	\$12.3	\$13.7	\$14.3	(10%)	(14%)
Pre-tax Income/ (Loss)	(\$1.4)	(\$2.4)	(\$1.4)	43%	(2%)
Taxes	(0.5)	(1.0)	(0.5)	45%	0%
Net Income/ (Loss)	(\$0.8)	(\$1.5)	(\$0.8)	42%	(3%)
Memo:					
Pre-tax Income/ (Loss)	(\$1.4)	(\$2.4)	(\$1.4)	43%	(2%)
Depreciation & Amortization	1.1	1.0	0.8	5%	30%
EBITDA	(\$0.3)	(\$1.4)	(\$0.5)	77%	40%
<i>Unusual Items:</i>					
Add back: Restructuring	\$0.0	\$0.9	\$1.5		
Less: Earn-out Liability	0.0	0.0	(0.5)		
Adjusted EBITDA	(\$0.3)	(\$0.5)	\$0.5	37%	NMF

Comments

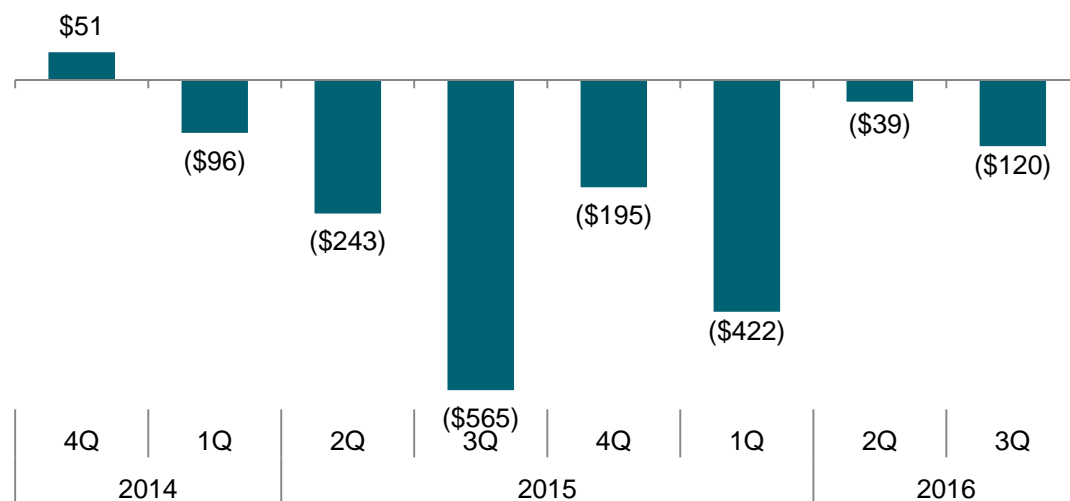
- Revenue decreased linked quarter to \$10.9 million. The prior quarter included transactional fees of approximately \$150k while the current quarter included a revenue adjustment that negatively impacted this quarter's results by \$135k.
- Operating expense declined due to reduced legal and consulting fees, as well as no restructuring expense

Key Statistics

	3Q16	2Q16	3Q15
Net Flows (\$ in mm)	(\$120)	(\$39)	(\$565)
Total AUM (\$ in mm)	\$7,334	\$7,313	\$8,060
Reported EBITDA Margin	(3%)	(13%)	(4%)
Adjusted EBITDA Margin	(3%)	(5%)	4%

Boston Private Wealth Flows

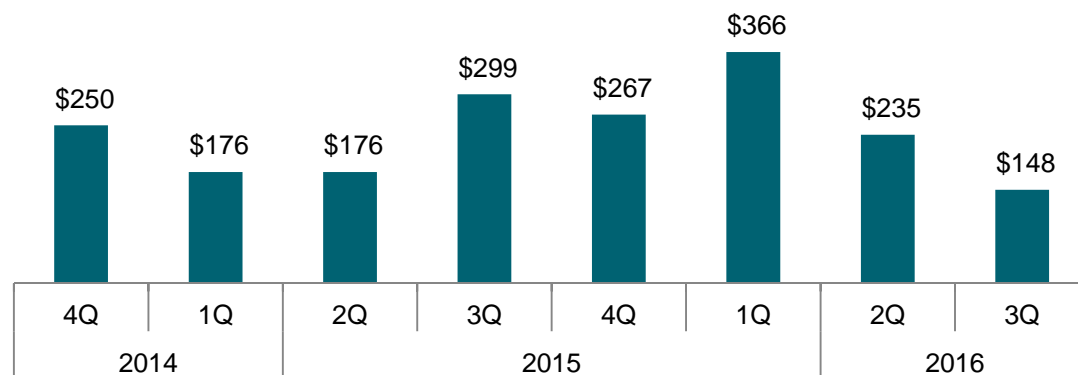
BPW Net Flows (\$ in millions)



Comments

- Decline in net flows reflective of slower new business generation offset by further abating levels of client attrition

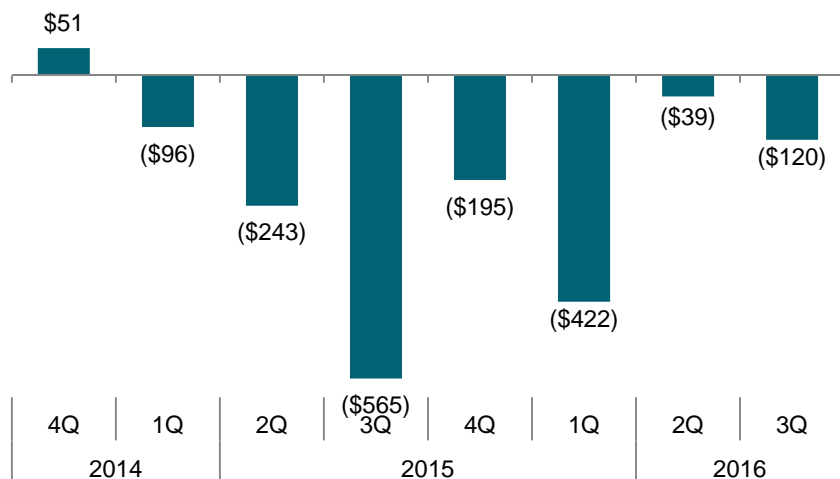
BPW New Business Flows (\$ in millions)



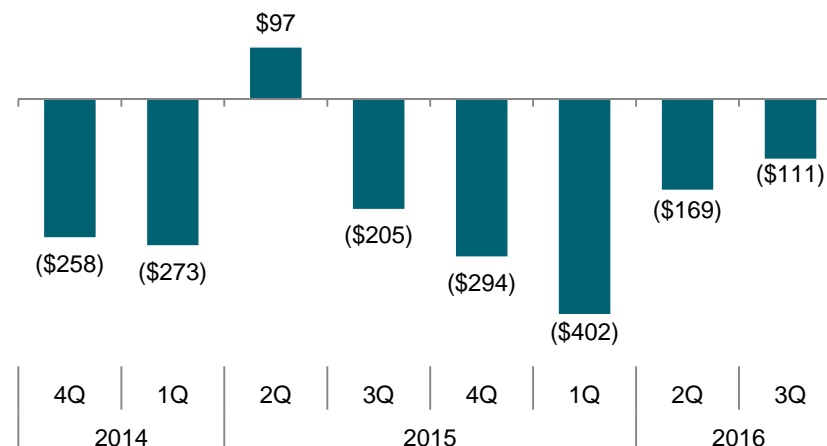
- New business driven by bank referrals and channel partners

Boston Private AUM Net Flows

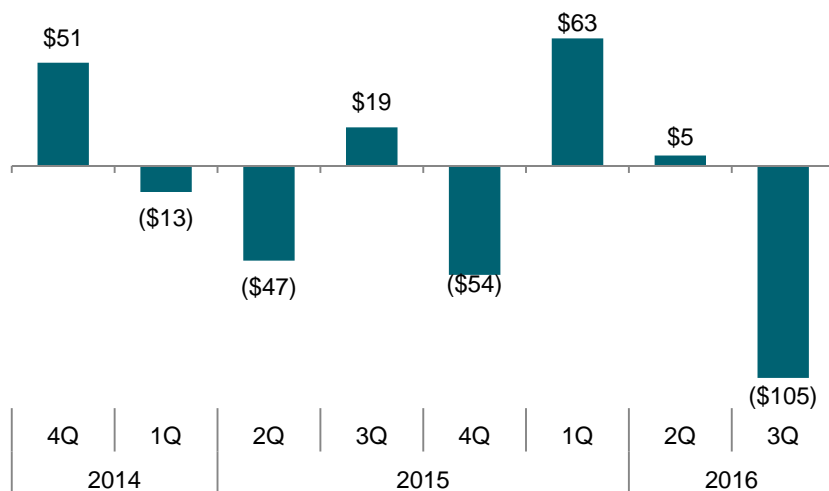
Wealth Management & Trust (\$ in mm)



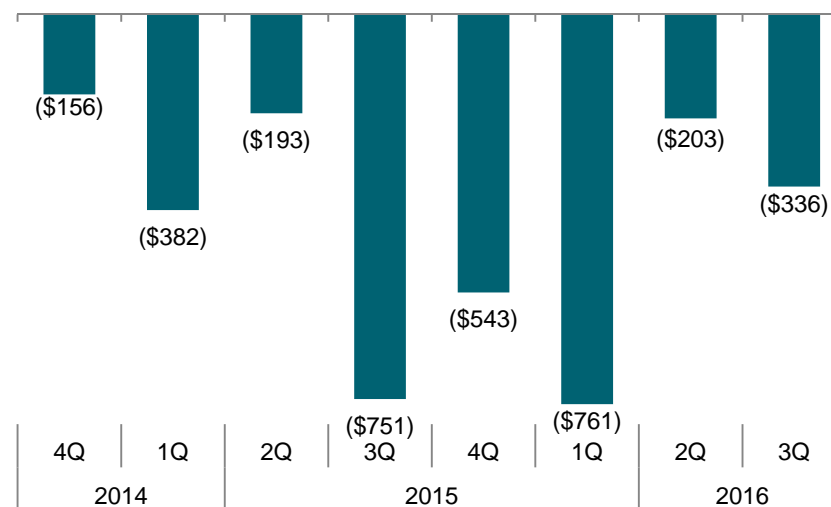
Investment Management (\$ in mm)



Wealth Advisory (\$ in mm)



Consolidated (\$ in mm)



Investment Management Performance Highlights

(\$ in millions)	% Change				
	3Q16	2Q16	3Q15	LQ	Y/Y
Total Revenue	\$10.7	\$10.7	\$11.4	1%	(6%)
Operating Expenses	\$8.0	\$7.9	\$8.3	1%	(4%)
Pre-tax Income	\$2.7	\$2.8	\$3.1	(1%)	(11%)
Taxes	0.9	0.9	1.0	0%	(11%)
NCI	0.5	0.5	0.6	8%	(15%)
Net Income	\$1.3	\$1.4	\$1.5	(4%)	(10%)
Memo EBITDA:					
Pre-tax Income	\$2.7	\$2.8	\$3.1	(1%)	(11%)
Depreciation & Amortization	0.7	0.7	0.8	(1%)	(11%)
EBITDA	\$3.5	\$3.5	\$3.9	(1%)	(11%)

Comments

- Total Revenue decreased 6% year-over-year due to negative net flows
- Operating Expenses were lower 4% year-over-year representing lower incentive compensation
- Segment EBITDA margin of 32% remains above the 30% target

Key Statistics

	3Q16	2Q16	3Q15
Net Flows (\$ in mm)	(\$111)	(\$169)	(\$205)
Total AUM (\$ in mm)	\$10,176	\$10,006	\$9,830
EBITDA Margin	32%	33%	34%
Pre-Tax Margin	26%	26%	27%

Wealth Advisory Performance Highlights

(\$ in millions)				% Change	
	3Q16	2Q16	3Q15	LQ	Y/Y
Total Revenue	\$12.8	\$12.6	\$12.5	2%	2%
Operating Expenses	\$9.0	\$9.2	\$9.3	(2%)	(4%)
Pre-tax Income	\$3.8	\$3.4	\$3.2	12%	17%
Taxes	1.4	1.3	1.3	10%	9%
NCI	0.6	0.5	0.4	16%	52%
Net Income	\$1.8	\$1.6	\$1.6	11%	15%
Memo EBITDA:					
Pre-tax Income	\$3.8	\$3.4	\$3.2	12%	17%
Depreciation & Amortization	0.4	0.4	0.5	(5%)	(15%)
EBITDA	\$4.2	\$3.8	\$3.7	10%	13%

Comments

- Total Revenue increased 2% linked quarter
- Operating Expenses decreased 4% year-over-year reflecting a combination of lower performance-related bonuses and lower amortization expense
- Segment EBITDA margin of 33% remains above the 30% target

Key Statistics

	3Q16	2Q16	3Q15
Net Flows (\$ in mm)	(\$105)	\$5	\$19
Total AUM (\$ in mm)	\$10,028	\$9,974	\$9,537
EBITDA Margin	33%	30%	30%
Pre-Tax Margin	30%	27%	26%