

BOSTON PRIVATE

WEALTH ▫ TRUST ▫ PRIVATE BANKING

Third Quarter 2018 Results

October 18, 2018

Clayton Deutsch
Chief Executive Officer

Steven Gaven
Chief Financial Officer

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 press release 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 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, wealth advisory, and trust 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 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; operational risks including, but not limited to, cybersecurity, fraud and natural disasters; 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; changes in assumptions used in making such forward-looking statements; and the other risks and uncertainties detailed in the Company's Annual Report on Form 10-K and 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.

3Q18 Consolidated Financial Highlights

(\$ in millions, except per share)

		Reported	Notable Items	Operating ¹
Operating Performance	Net Income	\$18.0	\$4.6	\$22.5
	Diluted EPS	\$0.20	\$0.05	\$0.25
	ROACE ²	9.7%		12.1%
	ROATCE ³	11.4%		14.2%
Balance Sheet & AUM	Average Deposits	\$6,732		
	Average Loans	\$6,747		
	Total AUM, end of period	\$22,430		
Capital	Tier 1 Common Equity Ratio ⁴	11.1%		
	Tangible Book Value Per Share	\$7.67		
Notable Items	\$5.8 million restructuring expense offset by (\$1.2 million) tax benefit			

(1) Operating metrics have been adjusted to exclude notable items and are non-GAAP measures. See page 18 for more information.

(2) ROACE = Return on Average Common Equity

(3) ROATCE = Return on Average Tangible Common Equity

(4) Estimated

Consolidated Income Statement

Reported (GAAP)

(\$ in millions)				% Change	
	3Q18	2Q18	3Q17	LQ	YY
Net interest income	\$59.6	\$57.5	\$56.6	4%	5%
Core fees and income	31.6	31.9	39.1	(1)%	(19)%
Total other income	0.7	0.2	1.2	nm	(40)%
Total revenue	\$92.0	\$89.6	\$96.9	3%	(5)%
Total operating expenses	\$68.6	\$64.4	\$69.3	6%	(1)%
Pre-tax, pre-provision income	\$23.4	\$25.3	\$27.5	(7)%	(15)%
Provision expense/ (credit)	(0.9)	0.5	(0.4)	nm	nm
Pre-tax income	\$24.3	\$24.8	\$28.0	(2)%	(13)%
Income tax expense	5.5	17.4	8.3	(69)%	(34)%
Discontinued operations	-	-	1.2	(100)%	(100)%
Noncontrolling interests	0.9	1.0	1.1	(5)%	(14)%
GAAP net income	\$18.0	\$6.4	\$19.8	nm	(9)%

Comments

- On April 13, 2018, the company completed the sale of its ownership interest in Anchor Capital Advisors LLC (“Anchor”). Anchor’s results remain consolidated in reported GAAP results through April 13, 2018 and prior periods.
- GAAP net income linked quarter increase driven primarily by \$12.7 million tax charge related to Anchor during the second quarter
- Effective tax rate on continuing operations for the third quarter was 22.4%, higher than run rate due to new tax guidance in 3Q18 regarding deductibility of executive compensation

nm = not meaningful

Consolidated Income Statement

Operating Basis (non-GAAP)

(\$ in millions)					
				% Change	
	3Q18	2Q18	3Q17	LQ	Y/Y
Net interest income	\$59.6	\$57.5	\$56.6	4%	5%
Core fees and income ⁵	31.6	30.7	30.7	3%	3%
Total other income ⁵	0.7	0.2	1.2	nm	(40)%
Total operating revenue⁵	\$92.0	\$88.5	\$88.5	4%	4%
Total operating expenses⁵	\$62.8	\$63.4	\$62.9	(1)%	(0)%
Pre-tax, pre-provision income⁵	\$29.2	\$25.0	\$25.6	16%	14%
Provision expense/ (credit)	(0.9)	0.5	(0.4)	nm	nm
Pre-tax income⁵	\$30.1	\$24.6	\$26.0	22%	16%
Income tax expense ^{1,5}	6.7	4.6	7.6	44%	(12)%
Discontinued operations	-	-	1.2	(100)%	(100)%
Noncontrolling interests ⁵	0.9	0.9	0.8	(1)%	17%
Operating net income^{1,5,6}	\$22.5	\$19.0	\$18.8	18%	20%
Memo:					
Add back: Restructuring expense, net of tax	4.6	-	-	nm	nm
Add back: Anchor divestiture tax expense	-	12.7	-	nm	nm
GAAP net income¹	\$18.0	\$6.4	\$19.8	nm	(9)%

Comments

- This non-GAAP financial information excludes results from Anchor and a \$5.8 million restructuring charge during the third quarter
- Pre-tax pre-provision income increased 14% year-over-year and increased 16% linked quarter
- Operating net income, excluding Anchor, increased 20% year-over-year and 18% linked quarter

(1) Operating metrics have been adjusted to exclude notable items and are non-GAAP measures. See page 18 for more information.

(5) Non-GAAP financial measures exclude financial results from Anchor Capital

(6) Anchor contributed \$0.1 million to 2Q18 GAAP net income

Consolidated Revenue Trends

Reported (GAAP), unless noted otherwise

	(\$ in millions)			% Change	
	3Q18	2Q18	3Q17	LQ	Y/Y
Net interest income	\$59.6	\$57.5	\$56.6	4%	5%
Noninterest income					
Investment Management fees	3.2	4.2	11.3	(23)%	(71)%
Wealth Advisory fees	14.0	13.7	13.3	2%	5%
Wealth Management and Trust fees	11.5	11.2	11.6	3%	(1)%
Private Banking fees ⁷	2.8	2.8	2.9	1%	(2)%
Total core fees and income	\$31.6	\$31.9	\$39.1	(1)%	(19)%
Miscellaneous ⁸	0.7	0.2	1.2	nm	(40)%
Total other income	\$0.7	\$0.2	\$1.2	nm	(40)%
Total revenue	\$92.0	\$89.6	\$96.9	3%	(5)%
Memo:					
Investment Management fees (non-GAAP) ⁵	\$3.2	\$3.1	\$2.9	5%	12%
Total core fees and income⁵	31.6	30.7	30.7	3%	3%
Total operating revenue⁵	\$92.0	\$88.5	\$88.5	4%	4%

Comments

- Non-GAAP financial information excludes results from Anchor
- Total operating revenue of \$92.0 million increased 4% linked quarter and year-over-year
- Total core fees and income, excluding Anchor, increased 3% linked quarter and year-over-year

(5) Non-GAAP financial measures exclude financial results from Anchor Capital

(7) Includes *Other banking fee income* and *Gain on sale of loans, net*

(8) Includes *Gain/(loss) on sale of investments, net*, *Gain/(loss) on OREO*, *Gain/(loss) on sale of affiliates or offices*, and *Other income*

Consolidated Expense Trends

Reported (GAAP)

(\$ in millions)				% Change	
	3Q18	2Q18	3Q17	LQ	Y/Y
Salaries and employee benefits	\$38.9	\$39.4	\$44.9	(1)%	(13)%
Occupancy and equipment	8.2	8.2	7.9	(1)%	3%
Professional services	2.9	2.9	3.3	–%	(13)%
Marketing and business development	1.7	2.1	2.2	(17)%	(23)%
Information systems	6.2	6.8	5.3	(8)%	18%
Amortization of intangibles	0.8	0.7	1.4	–%	(47)%
FDIC insurance	0.7	0.7	0.6	(5)%	4%
Restructuring expense	5.8	-	-	nm	nm
Other	3.4	3.6	3.6	(3)%	(5)%
Total operating expense	\$68.6	\$64.4	\$69.3	6%	(1)%

Comments

- Total operating expense increase of 6% linked quarter primarily driven by restructuring expense. Year-over-year change driven by divestiture of Anchor, partially offset by restructuring expense

Consolidated Expense Trends

Operating Basis (non-GAAP)

(\$ in millions)				% Change	
	3Q18	2Q18	3Q17	LQ	Y/Y
Salaries and employee benefits ⁵	\$38.9	\$38.8	\$40.5	−%	(4)%
Occupancy and equipment ⁵	8.2	8.2	7.7	−%	7%
Professional services ⁵	2.9	2.7	2.9	5%	(2)%
Marketing and business development ⁵	1.7	2.0	2.1	(16)%	(17)%
Information systems ⁵	6.2	6.7	5.0	(7)%	26%
Amortization of intangibles ⁵	0.8	0.7	0.8	−%	(3)%
FDIC insurance ⁵	0.7	0.7	0.6	(5)%	4%
Restructuring ⁵	5.8	-	-	nm	nm
Other ⁵	3.4	3.5	3.4	(2)%	−%
Total operating expense⁵	\$68.6	\$63.4	\$62.9	8%	9%
Memo: Excluding restructuring					
Restructuring	5.8	-	-	nm	nm
Total adjusted operating expense	\$62.8	\$63.4	\$62.9	(1)%	−%

Comments

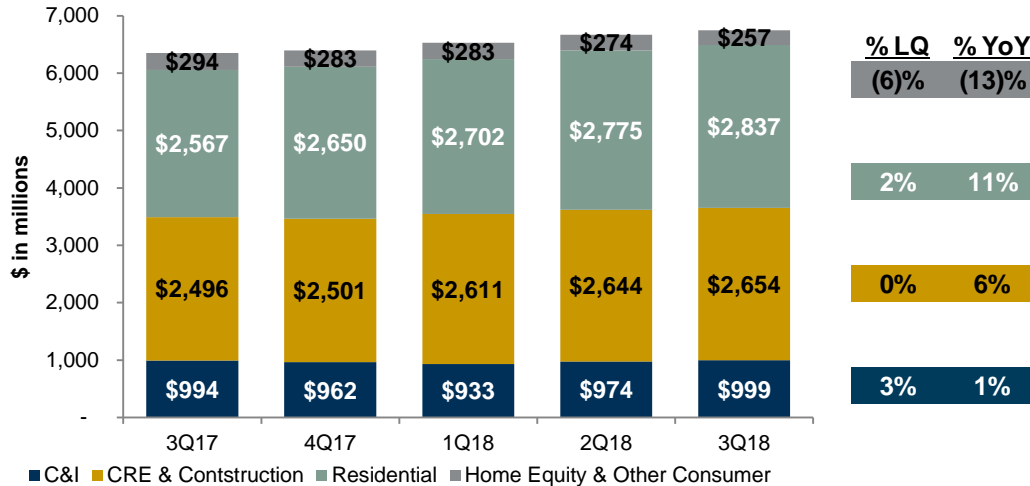
- This non-GAAP financial information excludes results from Anchor and a \$5.8 million restructuring charge during the third quarter of 2018
- Total adjusted operating expense was flat year-over-year, while decreasing 1% linked quarter
- Salaries and employee benefits was flat linked quarter partially due to compensation unwind related to restructuring charge
- Information systems increased 26% year-over-year due to information technology investments

(1) Operating metrics have been adjusted to exclude notable items and are non-GAAP measures. See page 18 for more information.

(5) Non-GAAP financial measures exclude financial results from Anchor Capital

Balance Sheet Highlights

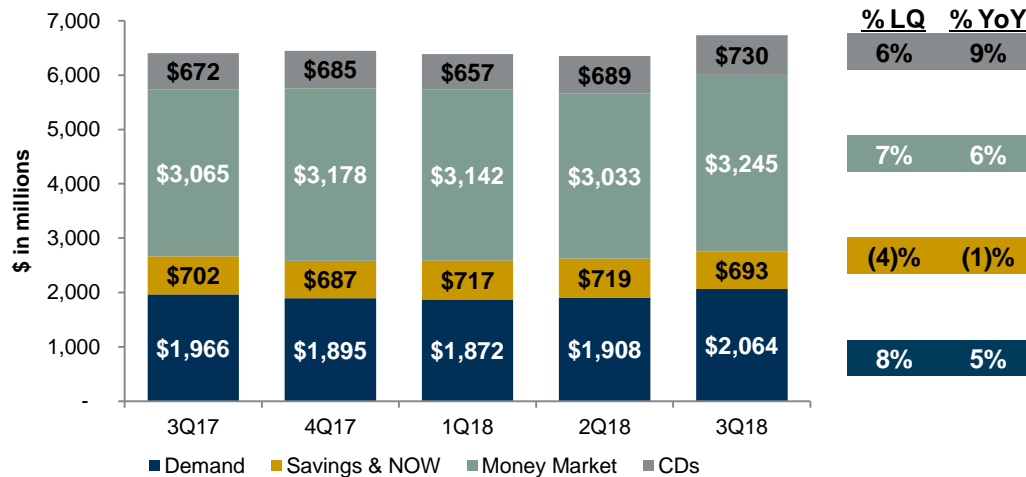
Average Loans



Comments

- Total Average Loans increased 6% year-over-year to \$6.7 billion

Average Deposits



- Total Average Deposits increased 5% year-over-year to \$6.7 billion

Consolidated Net Interest Income and Margin

Net interest income (\$ in millions)

	3Q17	4Q17	1Q18	2Q18	3Q18
Net interest income	\$56.6	\$57.3	\$57.4	\$57.5	\$59.6
Less: Interest recoveries	0.1	0.4	0.1	-	1.0
Core net interest income, non-FTE	\$56.5	\$56.8	\$57.3	\$57.5	\$58.7
Add: FTE adjustment	2.9	2.9	1.0	0.9	0.6
Core net interest income, FTE	\$59.4	\$59.7	\$58.3	\$58.4	\$59.2

Yield/ Cost

	3Q17	4Q17	1Q18	2Q18	3Q18
Cash and investments	2.33%	2.32%	2.29%	2.35%	2.41%
Loans	3.73%	3.79%	3.77%	3.84%	4.00%
Total interest-earning assets	3.48%	3.52%	3.51%	3.59%	3.73%
Cost of total deposits including DDA	0.33%	0.37%	0.41%	0.53%	0.68%
Interest-bearing deposits	0.48%	0.53%	0.59%	0.76%	0.98%
Total interest-bearing liabilities	0.66%	0.70%	0.80%	1.00%	1.17%
Cost of funds including DDA	0.48%	0.52%	0.60%	0.75%	0.86%
Net interest margin (FTE)	3.02%	3.04%	2.95%	2.89%	2.93%
Core net interest margin (FTE)	3.02%	3.02%	2.94%	2.89%	2.88%
Core net interest margin (non-FTE)	2.87%	2.87%	2.90%	2.85%	2.85%

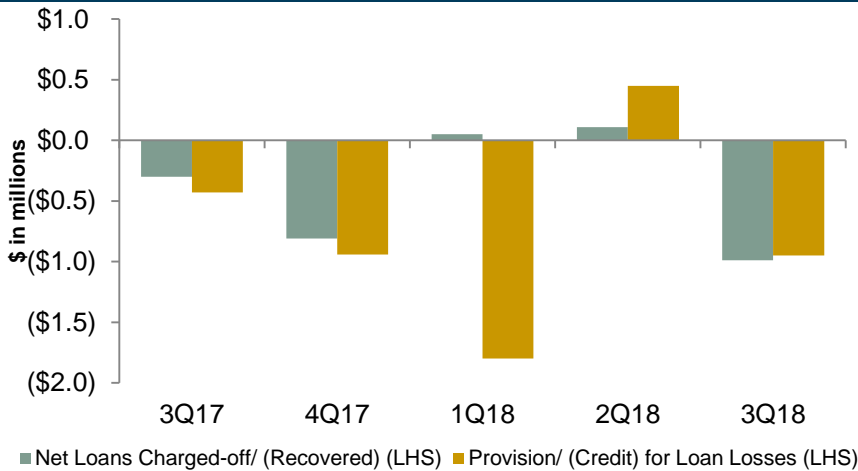
Interest recoveries = Interest recovered on previous nonaccrual loans
 FTE = fully taxable equivalent

Comments

- Core net interest income, non-FTE of \$58.7 million increased 4% year-over-year
- FTE adjustment decreased year-over-year primarily driven by lower tax benefit on tax-exempt income
- Core net interest margin, FTE decreased 1 basis points linked quarter to 2.88% primarily driven by increased funding costs partially offset by higher asset yields (excluding interest recoveries and FTE adjustments)
- Interest-earning asset category declines from 4Q17 to 1Q18 primarily driven by lower FTE adjustment
- Cost of total deposits increased 15 basis points linked quarter to 0.68%

Asset Quality

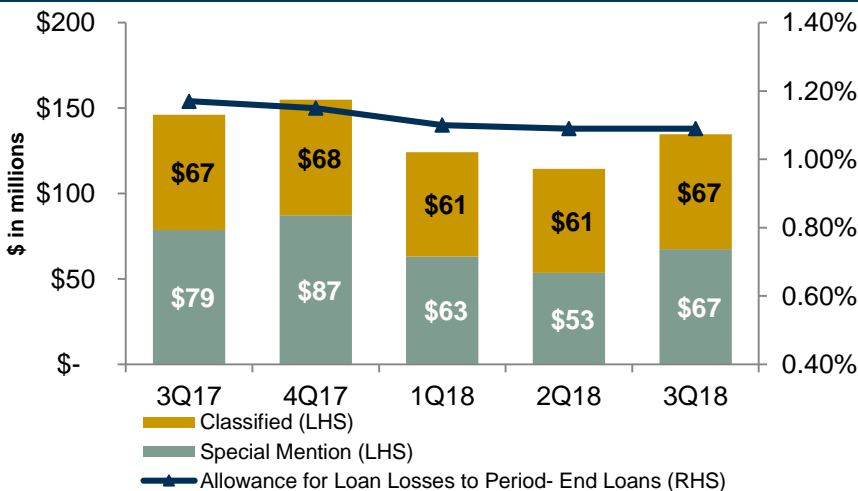
Net Charge-offs & Provision for Loan Losses



Comments

- The Company recorded a provision credit of \$0.9 million for the third quarter of 2018 primarily driven by loan recoveries and loan balance declines, partially offset by an increase in criticized and classified loans.

Criticized Loans & Allowance for Loan Losses



- Total criticized loans as of September 30, 2018 were \$134.7 million, an increase of 18% linked quarter and a decrease of 8% year-over-year
- Allowance for Loan Loss as a percent of Total Loans at September 30, 2018 was 1.09%

Private Bank Performance Highlights

(\$ in millions)				% Change	
	3Q18	2Q18	3Q17	LQ	Y/Y
Net interest income	\$60.6	\$58.4	\$57.3	4%	6%
Core fees and income	2.8	2.8	2.9	1%	(2)%
Total other income	0.5	-	0.8	nm	(40)%
Total revenue	63.9	61.3	61.0	4%	5%
Total operating expenses	44.7	39.7	38.5	13%	16%
Pre-tax, pre-provision income	19.2	21.6	22.5	(11)%	(15)%
Provision expense/ (credit)	(0.9)	0.5	(0.4)	nm	nm
Pre-tax income	20.1	21.1	23.0	(5)%	(12)%
Income tax expense	4.5	4.0	6.6	12%	(33)%
Net income	\$15.7	\$17.2	\$16.3	(9)%	(4)%
Memo:					
Add back: Restructuring	5.2	-	-	nm	nm
Total adjusted operating expenses	39.5	39.7	38.5	-%	3%
Operating Net income	\$19.8	\$17.2	\$16.3	15%	21%

Comments

- Total revenue increased 5% year-over-year driven primarily by Net interest income
- Total operating expenses includes \$5.2 million of restructuring charge
- Operating Net income increased 15% year-over-year and 21% year-over-year

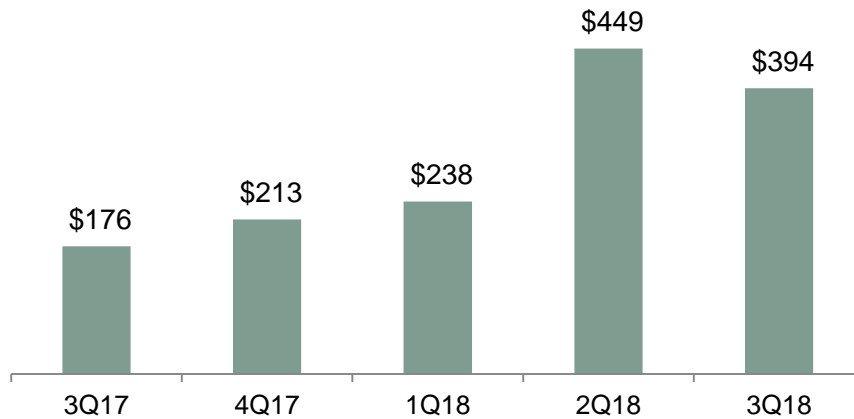
Key Statistics

	3Q18	2Q18	3Q17
Efficiency Ratio (FTE)	61%	64%	60%
Average Loan-to-Deposits Ratio ⁹	99%	104%	98%

(9) Private Banking segment only

Wealth Management & Trust Performance Highlights

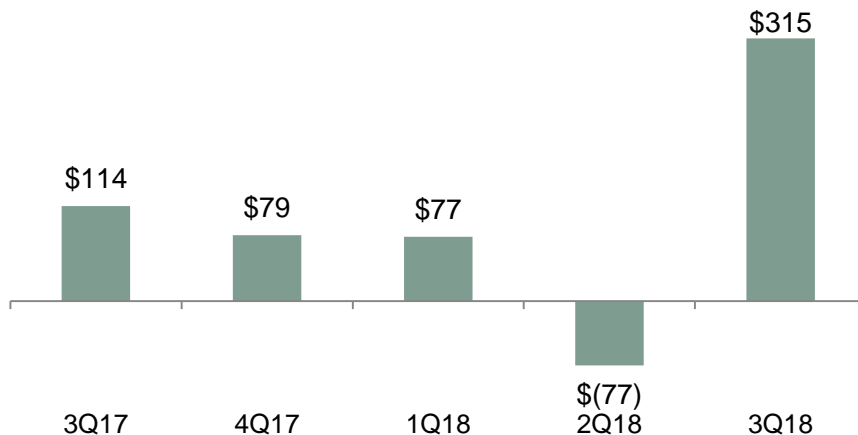
Wealth Management & Trust - New Business Flows (\$ in millions)



Comments

- Third quarter 2018 New Business Flows were \$394 million

Wealth Management & Trust - Net Flows (\$ in millions)



- Third quarter 2018 Net Flows were \$315 million

Wealth Management & Trust Performance Highlights

(\$ in millions)				% Change	
	3Q18	2Q18	3Q17	LQ	Y/Y
Total revenue	\$11.6	\$11.3	\$11.7	3%	(1)%
Operating expense	\$10.9	\$11.1	\$11.8	(1)%	(7)%
Pre-tax income	\$0.7	\$0.2	\$-	nm	nm
Income tax expense	0.2	-	(0.1)	nm	nm
Net income	\$0.5	\$0.2	\$0.1	nm	nm

Memo:

Pre-tax income	\$0.7	\$0.2	-	nm	nm
Depreciation & amortization	1.0	1.0	1.1	(1)%	(3)%
EBITDA	\$1.8	\$1.3	\$1.0	82%	nm

Memo: Adjustments

Add back Restructuring	0.6	-	-	nm	nm
Adjusted operating expense	10.3	11.1	11.8	(6)%	(12)%
Operating net income	1.0	0.2	0.1	nm	nm
Operating EBITDA	\$2.3	\$1.3	\$1.0	82%	nm

Comments

- Total revenue increased 3% linked quarter driven primarily by higher levels of assets under management
- Operating expenses decreased 7% year-over-year driven primarily by lower compensation and professional services, partially offset by a \$0.6 million restructuring charge
- Segment Operating Basis EBITDA margin was 20%

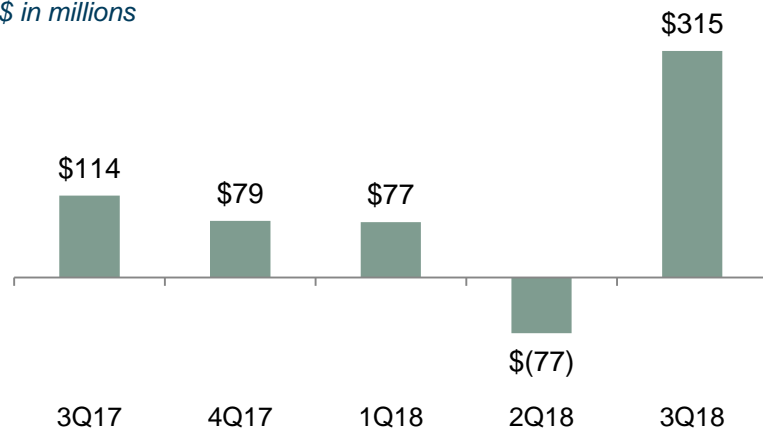
Key Statistics

	3Q18	2Q18	3Q17
Net Flows (\$ in millions)	\$315	\$(77)	\$114
Total AUM (\$ in millions)	\$8,335	\$7,789	\$7,703
EBITDA Margin	20%	11%	9%

Segment AUM Net Flows

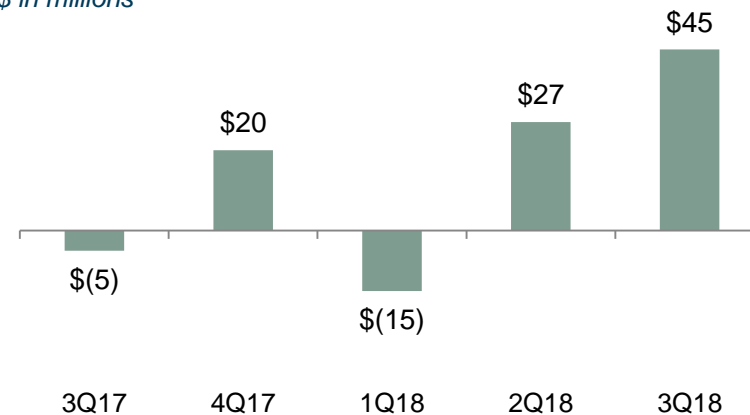
Wealth Management & Trust

\$ in millions



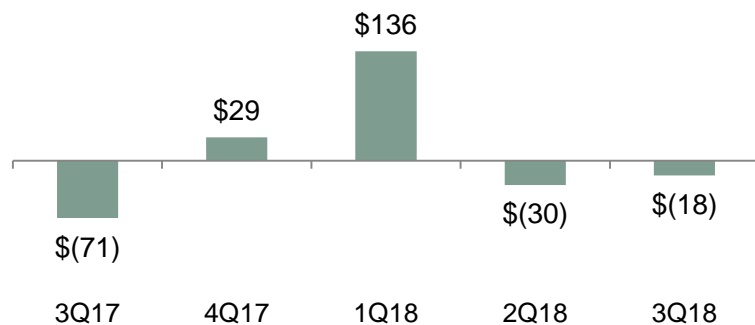
Investment Management¹⁰

\$ in millions



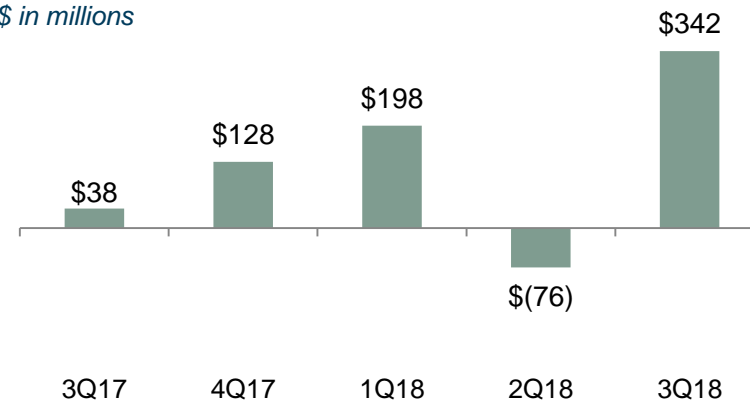
Wealth Advisory

\$ in millions



Consolidated¹⁰

\$ in millions



(10) Investment Management and Consolidated Net Flows exclude Anchor

Investment Management Performance Highlights

Excluding Anchor (non-GAAP)

	(\$ in millions)			% Change	
	3Q18	2Q18	3Q17	LQ	Y/Y
Total revenue	\$3.2	\$3.1	\$2.9	5%	12%
Operating expenses¹¹	\$2.2	\$2.2	\$2.0	3%	12%
Pre-tax income¹¹	\$1.0	\$0.9	\$0.9	13%	12%
Income tax expense	0.2	0.2	0.3	13%	(22)%
Noncontrolling interest	0.2	0.2	0.2	14%	13%
Net income¹¹	\$0.6	\$0.5	\$0.4	12%	35%
Memo EBITDA:					
Pre-tax income ¹¹	\$1.0	\$0.9	\$0.9	13%	12%
Depreciation & amortization	-	-	-	nm	nm
EBITDA¹¹	\$1.0	\$0.9	\$0.9	12%	11%

Comments

- This non-GAAP financial information excludes results from Anchor
- Segment EBITDA margin of 32% exceeds corporate target of 30%

Key Statistics

	3Q18	2Q18	3Q17
Net Flows ¹² (\$ in millions)	\$45	\$27	\$(5)
Total AUM ¹² (\$ in millions)	\$2,125	\$2,031	\$1,902
EBITDA Margin ¹¹	32%	30%	32%

(11) Operating metrics have been adjusted to exclude the impact of items related to the divestiture of Anchor, including impairment of goodwill. See page 18 for a GAAP to non-GAAP reconciliation

(12) Excluding Anchor

Wealth Advisory Performance Highlights

(\$ in millions)				% Change	
	3Q18	2Q18	3Q17	LQ	Y/Y
Total revenue	\$14.1	\$13.8	\$13.3	2%	6%
Operating expenses	\$9.5	\$9.2	\$9.2	3%	4%
Pre-tax income	\$4.6	\$4.6	\$4.2	1%	11%
Income tax expense	1.2	1.2	1.6	2%	(20)%
Noncontrolling interest	0.7	0.8	0.6	(4)%	18%
Net income	\$2.6	\$2.6	\$2.0	2%	33%

Memo EBITDA:

Pre-tax income	\$4.6	\$4.6	\$4.2	1%	11%
Depreciation & amortization	0.2	0.2	0.3	(1)%	(27)%
EBITDA	\$4.8	\$4.8	\$4.4	1%	8%

Comments

- Total revenue increased 6% year-over-year driven primarily by higher levels of assets under management
- Operating expenses increased 4% year-over-year and 3% linked quarter
- Segment EBITDA margin of 34% exceeds corporate target of 30%

Key Statistics

	3Q18	2Q18	3Q17
Net Flows (\$ in millions)	\$(18)	\$(30)	\$(71)
Total AUM (\$ in millions)	\$11,977	\$11,566	\$10,992
EBITDA Margin	34%	35%	33%

APPENDIX

Notes on non-GAAP financial measures

- (1) In addition to presenting the Company's results in conformity with GAAP, the Company uses certain non-GAAP financial measures to provide information for investors to effectively analyze financial trends of ongoing business activities, and to enhance comparability with peers across the financial sector.
- (2) For additional information on non- GAAP financial measures, see page 7 of the 3Q18 BPFH earnings press release. A full reconciliation of GAAP to non-GAAP results can be found in the footnotes of the 3Q18 BPFH earnings press release beginning on page 18.

GAAP to Operating Reconciliation

Consolidated

	Consolidated - GAAP			Notable Items ^{1, 5}			Consolidated - Non-GAAP		
	3Q18	2Q18	3Q17	3Q18	2Q18	3Q17	3Q18	2Q18	3Q17
Net interest income	\$59.6	\$57.5	\$56.6	\$-	\$-	\$-	\$59.6	\$57.5	\$56.6
Investment management fees	3.2	4.2	11.3	-	(1.2)	(8.4)	3.2	3.1	2.9
Core fees and income	31.6	31.9	39.1	-	(1.2)	(8.4)	31.6	30.7	30.7
Total other income	0.7	0.2	1.2	-	-	-	0.7	0.2	1.2
Total revenue	\$92.0	\$89.6	\$96.9	\$-	\$(1.2)	\$(8.4)	\$92.0	\$88.5	\$88.5
Salaries and employee benefits	38.9	39.4	44.9	-	(0.6)	(4.5)	38.9	38.8	40.5
Occupancy and equipment	8.2	8.2	7.9	-	-	(0.3)	8.2	8.2	7.7
Professional services	2.9	2.9	3.3	-	(0.1)	(0.4)	2.9	2.7	2.9
Marketing and business development	1.7	2.1	2.2	-	-	(0.1)	1.7	2.0	2.1
Information systems	6.2	6.8	5.3	-	-	(0.3)	6.2	6.7	5.0
Amortization of intangibles	0.8	0.7	1.4	-	-	(0.7)	0.8	0.7	0.8
FDIC insurance	0.7	0.7	0.6	-	-	-	0.7	0.7	0.6
Restructuring	5.8	-	-	(5.8)	-	-	-	-	-
Other	3.4	3.6	3.6	-	(0.1)	(0.2)	3.4	3.5	3.4
Total operating expense	\$68.6	\$64.4	\$69.3	\$(5.8)	\$(0.9)	\$(6.4)	\$62.8	\$63.4	\$62.9
Pre-tax, pre-provision income	\$23.4	\$25.3	\$27.5	\$5.8	\$(0.2)	\$(2.0)	\$29.2	\$25.0	\$25.6
Provision expense/ (credit)	(0.9)	0.5	(0.4)	-	-	-	(0.9)	0.5	(0.4)
Pre-tax income	\$24.3	\$24.8	\$28.0	\$5.8	\$(0.2)	\$(2.0)	\$30.1	\$24.6	\$26.0
Income tax expense	5.5	17.4	8.3	1.2	(12.8)	(0.7)	6.7	4.6	7.6
Discontinued operations	-	-	1.2	-	-	-	-	-	1.2
Noncontrolling interests	0.9	1.0	1.1	-	-	(0.3)	0.9	0.9	0.8
Operating net income	\$18.0	\$6.4	\$19.8	\$4.6	\$12.6	\$(1.0)	\$22.5	\$19.0	\$18.8

(1) Operating metrics have been adjusted to exclude notable items and are non-GAAP measures.

(5) Non-GAAP financial measures exclude financial results from Anchor Capital

GAAP to Operating Reconciliation

Investment Management Segment

(\$ in millions)									
	Investment Management - GAAP			Notable Items ⁵			Investment Management - non-GAAP		
	3Q18	2Q18	3Q17	3Q18	2Q18	3Q17	3Q18	2Q18	3Q17
Total revenue	\$3.2	\$4.2	\$11.3	\$-	\$(1.2)	\$(8.4)	\$3.2	\$3.1	\$2.9
Operating expense	\$2.2	\$3.1	\$8.4	\$-	\$(0.9)	\$(6.4)	\$2.2	\$2.2	\$2.0
Pre-tax income/ (loss)	\$1.0	\$1.1	\$2.9	\$-	\$(0.2)	\$(2.0)	\$1.0	\$0.9	\$0.9
Income tax expense	0.2	0.2	1.0	-	(0.1)	(0.7)	0.2	0.2	0.3
Noncontrolling interests	0.2	0.2	0.5	-	-	(0.3)	0.2	0.2	0.2
Net income/ (loss)	\$0.6	\$0.7	\$1.5	\$-	\$(0.1)	\$(1.0)	\$0.6	\$0.5	\$0.4
Pre-tax income/ (loss)	\$1.0	\$1.1	\$2.9	\$-	\$(0.2)	\$(2.0)	\$1.0	\$0.9	\$0.9
Depreciation & amortization	-	-	0.7	-	-	(0.7)	-	-	-
EBITDA	\$1.0	\$1.1	\$3.6	\$-	\$(0.2)	\$(2.7)	\$1.0	\$0.9	\$0.9
EBITDA margin	32%	27%	32%				32%	30%	32%

(5) Non-GAAP financial measures exclude financial results from Anchor Capital

BOS Divestiture

Transaction Summary

Acquirer

- Members of management of BOS will become majority owners
 - Kudu Investment Management will become a minority owner
-

Consideration

- Upfront Consideration: Approximately \$21 million of cash
 - Future Payments: Eight year revenue share
-

Closing

- Client consents and other customary closing conditions
 - Closing anticipated during fourth quarter of 2018
-

Financial Impact to BPFH at closing

- BPFH to recognize pre-tax gain of approximately \$18 million
 - BPFH to recognize tax expense of approximately \$3 million to \$4 million
 - Tier 1 Common Equity increase of approximately \$33 million
-

BOS Divestiture

BOS Contribution to BPFH Financials

(\$ in millions)						
	4Q17	1Q18	2Q18	3Q18	YTD '18	LTM
Total Revenue	\$5.8	\$5.7	\$5.8	\$5.9	\$17.4	\$23.1
Operating Expenses	\$3.8	\$4.2	\$3.8	\$4.0	\$11.9	\$15.7
Pre-tax Income	\$2.0	\$1.5	\$2.0	\$1.9	\$5.4	\$7.4
Taxes	0.5	0.3	0.3	0.3	1.0	1.5
NCI	0.8	0.6	0.8	0.7	2.1	2.8
Net Income	\$0.7	\$0.7	\$0.9	\$0.8	\$2.4	\$3.2

Total AUM (\$ in millions) \$4,434 \$4,488 \$4,525 \$4,714

Comments

- BOS financial contributions historically included in Boston Private Financial Holding's "**Wealth Advisory**" segment
- BPFH current ownership of BOS is 62.4%

Note: LTM includes 4Q17 through 3Q18, YTD'18 includes 1Q18 through 3Q18