



BOSTON PRIVATE

WEALTH ▫ TRUST ▫ PRIVATE BANKING

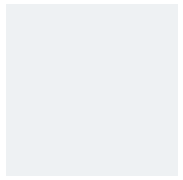
Fourth Quarter & Full Year 2019 Results

January 23, 2020




Anthony DeChellis
Chief Executive Officer

Steven Gaven
Chief Financial Officer



Paul Simons
President
Private Banking, Wealth & Trust



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 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 business 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.

4Q19 CONSOLIDATED FINANCIAL HIGHLIGHTS

(\$ in millions, except per share data)

		Reported	Notable Items ¹	Operating ¹
OPERATING PERFORMANCE	Net Income	\$21.2	(\$0.8)	\$20.5
	Diluted EPS	\$0.26	(\$0.01)	\$0.25
	ROACE	10.3%		9.9%
	ROATCE	11.5%		11.1%
BALANCE SHEET & ASSETS UNDER MANAGEMENT / ADVISORY ("AUM")	Average Deposits	\$6,959		
	Average Loans	\$7,073		
	Total AUM	\$16,768		
	Total net flows	(\$209)		
CAPITAL	Tier 1 Common Equity Ratio ²	11.4%		
	Tangible Book Value Per Share	\$9.02		
NOTABLE ITEMS	\$1.1 million gain related to the revaluation of a receivable from the divestiture of Bingham, Osborn & Scarborough, LLC			

(1) Operating metrics have been adjusted to exclude the after-tax impact of notable items and are non-GAAP measures. Tax effect calculated using applicable statutory rates. See page 15 for more information.

(2) Estimated

ROACE = Return on Average Common Equity

ROATCE = Return on Average Tangible Common Equity

CONSOLIDATED INCOME STATEMENT

Reported (GAAP)

(\$ in millions)				% Change	
	4Q19	3Q19	4Q18	LQ	YY
Net interest income	\$56.1	\$56.2	\$60.0	—%	(6)%
Core fees and income	24.8	25.2	28.7	(2)%	(14)%
Total other income	2.0	—	17.2	nm	(88)%
Total revenue	\$82.9	\$81.3	\$105.8	2%	(22)%
Total noninterest expense	\$58.5	\$55.5	\$63.6	5%	(8)%
Pre-tax, pre-provision income	\$24.5	\$25.7	\$42.3	(5)%	(42)%
Provision expense/ (credit)	(3.7)	0.2	0.1	nm	nm
Pre-tax income	\$28.1	\$25.6	\$42.2	10%	(33)%
Income tax expense	6.8	5.5	8.7	23%	(22)%
Discontinued operations	—	—	0.3	nm	nm
Noncontrolling interests	0.1	0.1	0.5	1%	(82)%
GAAP net income	\$21.2	\$20.0	\$33.3	6%	(36)%

Comments

- On December 3, 2018, the company completed the sale of its ownership interest in BOS. BOS's results remain consolidated in 4Q18 results through the closing date
- Total revenue and Total noninterest expense declined on a year-over-year basis primarily driven by the divestiture of BOS

CONSOLIDATED INCOME STATEMENT

Operating basis, excludes Notable Items and BOS (non-GAAP)

(\$ in millions)				% Change	
	4Q19	3Q19	4Q18	LQ	Y/Y
Net interest income	\$56.1	\$56.2	\$60.0	—%	(6)%
Core fees and income (non-GAAP) ²	24.8	25.2	24.9	(2)%	—%
Total other income (non-GAAP) ^{2,3}	0.9	—	(1.0)	nm	nm
Total revenue (non-GAAP)^{2,3}	\$81.8	\$81.3	\$83.8	1%	(2)%
Total noninterest expense (non-GAAP)^{2,3}	\$58.5	\$55.5	\$59.1	5%	(1)%
Pre-tax, pre-provision inc. (non-GAAP)^{2,3}	\$23.4	\$25.7	\$24.7	(9)%	(5)%
Provision expense/ (credit)	(3.7)	0.2	0.1	nm	nm
Pre-tax income (non-GAAP)^{2,3}	\$27.0	\$25.6	\$24.6	6%	10%
Income tax expense (non-GAAP) ^{2,3}	6.5	5.5	5.3	17%	22%
Discontinued operations	—	—	0.3	nm	nm
Noncontrolling interests (non-GAAP) ²	0.1	0.1	0.1	1%	(32)%
Net income (non-GAAP)^{2,3}	\$20.5	\$20.0	\$19.5	2%	5%
Memo:					
Net income (non-GAAP) ^{2,3}	\$20.5	\$20.0	\$19.5	2%	5%
Impact of Notable Items	0.8	-	13.4	nm	nm
BOS results	-	-	0.5	nm	nm
GAAP net income	\$21.2	\$20.0	\$33.3	6%	(36)%

Comments

- This slide contains non-GAAP financial information that excludes Notable Items (see page 15 for details) and financial results of BOS
- 4Q19 Notable Items include:
 - \$1.1 million gain related to the revaluation of a receivable from the divestiture of Bingham, Osborn & Scarborough, LLC (“BOS”)
- Year-over-year pre-tax pre-provision income declined 5% driven by lower net interest income
- Linked quarter increase in Pre-tax income primarily driven by provision credit during the fourth quarter of 2019

(2) Metrics exclude financial results from BOS

(3) Operating metrics have been adjusted to exclude Notable Items and are non-GAAP measures. See page 15 for more information

CONSOLIDATED REVENUE TRENDS

Reported (GAAP), unless otherwise noted

(\$ in millions)				% Change	
	4Q19	3Q19	4Q18	LQ	Y/Y
Net interest income	\$56.1	\$56.2	\$60.0	−%	(6)%
Noninterest income					
Wealth management and trust fees	18.7	19.1	23.8	(2)%	(21)%
Investment management fees	2.6	2.5	2.8	2%	(10)%
Private banking fees ⁴	3.5	3.6	2.1	(3)%	68%
Total core fees and income	\$24.8	\$25.2	\$28.7	(2)%	(14)%
Miscellaneous ⁵	2.0	—	17.2	nm	nm
Total other income	\$2.0	\$—	\$17.2	nm	nm
Total revenue	\$82.9	\$81.3	\$105.8	2%	(22)%

Memo: Noninterest income excluding BOS (non-GAAP)

Wealth mgmt and trust fees (non-GAAP) ²	\$18.7	\$19.1	\$20.0	(2)%	(6)%
Investment management fees	\$2.6	\$2.5	\$2.8	2%	(10)%
Private banking fees ⁴	3.5	3.6	2.1	(3)%	68%
Total core fees and income (non-GAAP)²	24.8	25.2	24.9	(2)%	(0)%
Total other income ³	0.9	—	(1.0)	nm	nm
Total operating revenue (non-GAAP)^{2,3}	\$81.8	\$81.3	\$83.8	1%	(2)%

Comments

- This slide contains non-GAAP financial information that excludes Notable Items (see page 15 for details) and financial results of BOS
- Total operating revenue decreased 2% year-over-year, primarily driven by lower net interest income, partially offset by higher private banking fees
- Miscellaneous includes \$1.1 million gain related to a revaluation of a receivable from the BOS divestiture

(2) Metrics exclude financial results from BOS

(3) Operating metrics have been adjusted to exclude Notable Items and are non-GAAP measures. See page 15 for more information

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

(5) Includes *Gain/(loss) on sale of investments, net*; *Gain/(loss) on OREO*; *Gain/(loss) on sale of affiliates*; and *Other income*

CONSOLIDATED EXPENSE TRENDS

Reported (GAAP)

(\$ in millions)	% Change				
	4Q19	3Q19	4Q18	LQ	Y/Y
Salaries and employee benefits	\$34.2	\$31.7	\$36.0	8%	(5)%
Occupancy and Equipment	7.6	8.3	8.0	(8)%	(5)%
Professional services	3.9	4.4	4.2	(12)%	(7)%
Marketing and business development	2.0	1.4	2.3	44%	(11)%
Information systems	6.5	5.2	6.3	25%	3%
Amortization of intangibles	0.7	0.7	0.7	1%	(1)%
FDIC Insurance	-	0.1	0.7	(100)%	(100)%
Restructuring	-	-	2.1	nm	(100)%
Other	3.6	3.9	3.3	(6)%	10%
Total noninterest expense	\$58.5	\$55.5	\$63.6	5%	(8)%

Comments

- Total operating expense declined 8% year-over-year primarily as a result of divestiture of BOS and a restructuring expense during the fourth quarter of 2018

CONSOLIDATED EXPENSE TRENDS

Operating basis, excludes Notable Items and BOS (non-GAAP)

(\$ in millions)				% Change	
	4Q19	3Q19	4Q18	LQ	Y/Y
Salaries and employee benefits ²	\$34.2	\$31.7	\$34.0	8%	1%
Occupancy and equipment ²	7.6	8.3	7.8	(8)%	(3)%
Professional services ²	3.9	4.4	4.1	(12)%	(5)%
Marketing and business development ²	2.0	1.4	2.0	44%	(1)%
Information systems ²	6.5	5.2	6.6	25%	(2)%
Amortization of intangibles ²	0.7	0.7	0.7	1%	1%
FDIC insurance ²	-	0.1	0.7	nm	nm
Other ²	3.6	3.9	3.2	(6)%	15%
Total noninterest expense (non-GAAP)^{2,3}	\$58.5	\$55.5	\$59.1	5%	(1)%

Comments

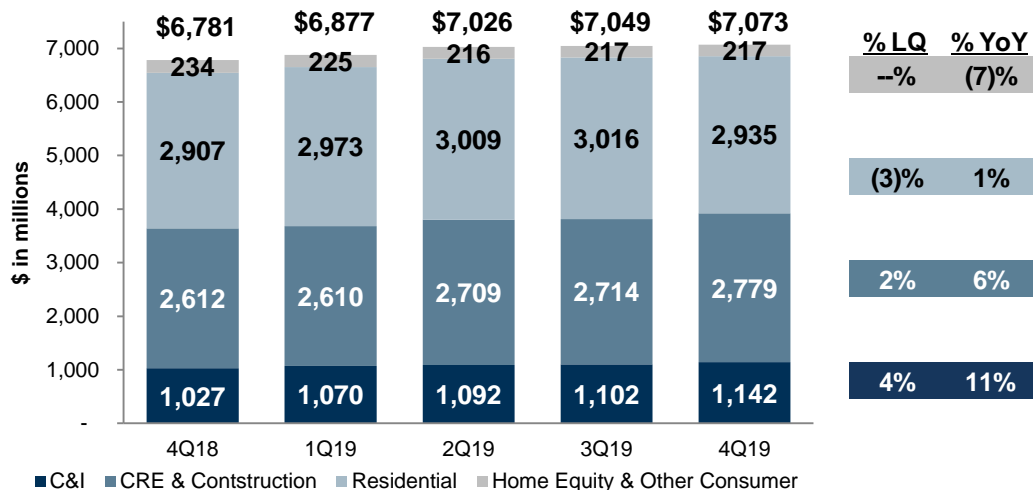
- This slide contains non-GAAP financial information that excludes Notable Items (see page 15 for details) and financial results of BOS
- Salaries and employee benefits increased linked quarter primarily driven by higher incentive compensation
- Information systems expense increased due to technology initiatives being placed into service

(2) Metrics exclude financial results from BOS

(3) Operating metrics have been adjusted to exclude Notable Items and are non-GAAP measures. See page 15 for more information.

BALANCE SHEET HIGHLIGHTS

Average Loans



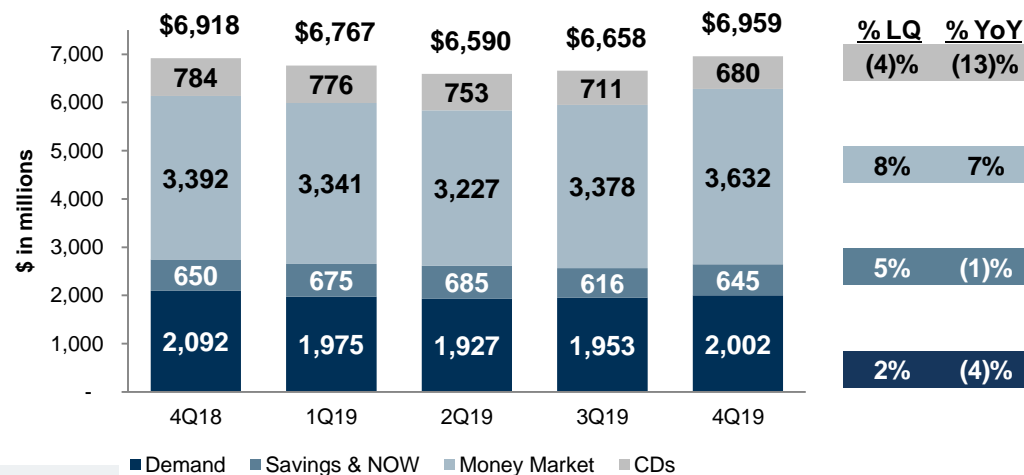
Comments

- 102% average loan to deposit ratio for 4Q19

Total Average Loans

- + 4% year-over-year to \$7.1 billion
- Flat linked quarter

Average Deposits



Total Average Deposits

- +1% year-over-year to \$7.0 billion
- +5% linked quarter

CONSOLIDATED NET INTEREST INCOME AND MARGIN

Net interest income (\$ in millions)

	4Q18	1Q19	2Q19	3Q19	4Q19
Net interest income	\$60.0	\$58.3	\$57.5	\$56.2	\$56.1
Less: Interest recoveries	1.0	0.3	-	0.2	-
Core net interest income, non-GAAP	\$59.0	\$58.1	\$57.5	\$56.0	\$56.1

Yield/ Cost

	4Q18	1Q19	2Q19	3Q19	4Q19
Cash and investments	2.35%	2.39%	2.32%	2.39%	2.33%
Loans	4.03%	4.07%	4.07%	3.98%	3.83%
Total interest-earning assets	3.76%	3.83%	3.82%	3.76%	3.62%
Cost of total deposits	0.77%	0.84%	0.88%	0.92%	0.86%
Interest-bearing deposits	1.11%	1.19%	1.25%	1.31%	1.20%
Total interest-bearing liabilities	1.23%	1.36%	1.48%	1.50%	1.34%
Total cost of funds	0.89%	1.00%	1.11%	1.12%	0.99%
Net interest margin	2.94%	2.90%	2.78%	2.72%	2.70%
Core net interest margin (non-GAAP)	2.90%	2.89%	2.78%	2.71%	2.70%

Comments

Core net interest income (non-GAAP)

- 5% decline year-over-year
- Flat linked quarter

Core net interest margin

- 20 bp decline year-over-year
- 1 bp decline linked quarter

Loan yields

- 20 bp decline year-over-year
- 15 bp decline linked quarter

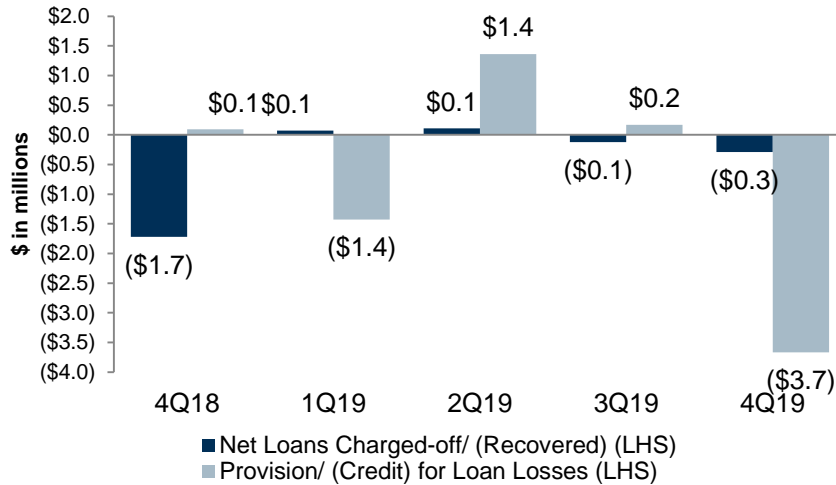
Cost of total deposits

- +9 bp year-over-year
- 6 bp decline linked quarter

Interest recoveries = Interest recovered on previous nonaccrual loans
Core net interest margin excludes the impact of interest recoveries

ASSET QUALITY

Net Charge-offs & Provision for Loan Losses

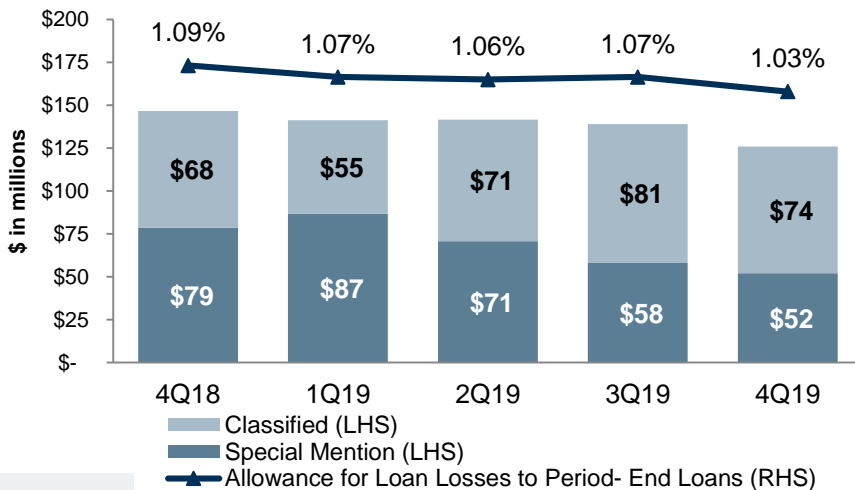


Comments

4Q19 Provision credit of \$3.7 million

- Driven by a decrease in criticized and classified loans and a decrease in loss factors

Criticized Loans & Allowance for Loan Losses



Total criticized loans as of 12/31/19 of \$126.0 million

- 14% decline year-over-year
- 10% decline linked quarter
- Allowance for Loan Loss as a percent of Total Loans as of 12/31/19 was 1.03%

PRIVATE BANK PERFORMANCE HIGHLIGHTS

Operating basis, excludes Notable Items and BOS (non-GAAP)

(\$ in millions)				% Change	
	4Q19	3Q19	4Q18	LQ	Y/Y
Net interest income	\$57.0	\$57.1	\$60.9	—%	(6)%
Core fees and income	3.5	3.6	2.1	(3)%	68%
Total other income	0.9	(0.2)	(1.3)	nm	nm
Total revenue	\$61.4	\$60.5	\$61.6	2%	—%
Total noninterest expense (non-GAAP)³	\$40.6	\$38.1	\$40.3	7%	1%
Pre-tax, pre-provision income (non-GAAP)³	\$20.8	\$22.3	\$21.3	(7)%	(3)%
Provision expense/ (credit)	(3.7)	0.2	0.1	nm	nm
Pre-tax income (non-GAAP)³	\$24.4	\$22.2	\$21.3	10%	15%
Income tax expense (non-GAAP) ³	5.6	4.2	3.5	33%	62%
Operating net income (non-GAAP)³	\$18.8	\$17.9	\$17.8	5%	6%
<i>Efficiency Ratio (non-GAAP)</i>	66%	63%	64%		
Memo:					
Adjustments ⁶	-	-	(0.8)	nm	nm
GAAP net income	\$18.8	\$17.9	\$17.0	5%	11%

Comments

- This slide contains non-GAAP financial information that excludes Notable Items (see page 15 for details)
- Efficiency ratio increased to 66% year-over-year, driven by higher compensation and technology expense

(3) Operating metrics have been adjusted to exclude Notable Items and are non-GAAP measures. See page 15 for more information

(6) Adjustments are shown net of tax. 4Q18 adjusts for restructuring expense

(7) Private Banking segment only

WEALTH MANAGEMENT & TRUST PERFORMANCE HIGHLIGHTS

Operating basis, excludes Notable Items and BOS (non-GAAP)

(\$ in millions)				% Change	
	4Q19	3Q19	4Q18	LQ	Y/Y
Total revenue	\$18.9	\$19.2	\$20.2	(2)%	(7)%
Total noninterest expense (non-GAAP)³	\$14.5	\$13.9	\$15.9	4%	(8)%
Pre-tax income (non-GAAP)³	\$4.3	\$5.3	\$4.3	(18)%	- %
Income tax expense (non-GAAP)	1.3	1.8	1.3	(26)%	3%
Net income (non-GAAP)³	\$3.0	\$3.6	\$3.1	(15)%	(1)%
Memo:					
Adjustments ⁸	-	-	0.5	nm	nm
GAAP net income	\$3.0	\$3.6	\$2.6	(15)%	19%
Pre-tax income (non-GAAP) ³	\$4.3	\$5.3	\$4.3	(18)%	- %
Depreciation & amortization	0.9	1.0	1.1	(2)%	(14)%
EBITDA (non-GAAP)³	\$5.3	\$6.3	\$5.4	(16)%	(3)%
<i>EBITDA margin (non-GAAP)</i>	<i>28%</i>	<i>33%</i>	<i>27%</i>		

Comments

- This slide contains non-GAAP financial information that excludes Notable Items (see page 15 for details)
- Segment includes results from previously announced integration of wholly-owned subsidiaries Boston Private Wealth LLC and KLS Professional Advisors Group, LLC and the trust operations of Boston Private Bank & Trust Company.
- Operating basis EBITDA margin was 28%

Assets Under Management / Advisory Trends (\$ in millions)



(3) Operating metrics have been adjusted to exclude Notable Items and are non-GAAP measures. See page 15 for more information

(8) Adjustments are shown net of tax. 4Q18 adjusts for restructuring expense



APPENDIX

NON-GAAP RECONCILIATION

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. For additional information on non-GAAP financial measures, see page 6 of the 4Q19 BPFH earnings press release. A full reconciliation of GAAP to non-GAAP results can be found in the footnotes of the 4Q19 BPFH earnings press release beginning on page 18.

	2018				2019				2018	2019
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY	YTD
GAAP Net Income	\$22.7	\$6.4	\$18.0	\$33.3	\$19.4	\$19.4	\$20.0	\$21.2	\$80.4	\$80.0
Adjustments	-	13.1	4.6	(13.4)	1.3	-	-	(0.8)	4.2	0.5
Operating Net income	\$22.7	\$19.5	\$22.5	\$19.9	\$20.7	\$19.4	\$20.0	\$20.5	\$84.6	\$80.5

Summary of Adjustments "Notable Items"

	2018			2019		
	Cause	Description	Amount	Cause	Description	Amount
1Q	No adjustments			Restructuring	Restructuring expense	1.6
	Total			Normalizing factor	Income tax expense	(0.3)
			Total			\$ -
2Q	Divestiture of Anchor	Income tax expense	12.7	No adjustments		
	Restructuring	Restructuring	0.4			
	Normalizing Factor	Income tax expense	(0.1)			
	Total			Total		
			Total			\$ -
3Q	Restructuring	Restructuring expense	5.8	No adjustments		
	Normalizing Factor	Income tax expense	(1.2)			
	Total			Total		
			Total			\$ -
4Q	Divestiture of BOS	Gain on Sale of Affiliate	(18.1)	Divestiture of BOS	Revaluation of receivable	(1.1)
	Divestiture of BOS	Income tax expense	3.5	Normalizing Factor	Income tax expense	0.3
	Restructuring	Restructuring expense	1.6			
	Normalizing Factor	Income tax expense	(0.3)			
	Total			Total		
			Total			(\$0.8)
2018 Total			2019 Total			\$0.5
						\$4.2