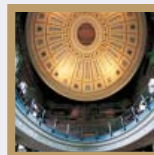
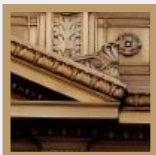


BOSTON PRIVATE BANK & TRUST COMPANY



ANNUAL REPORT OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2009



Dear Friend,

As we eagerly await the spring, I can't help but think of how Boston's seasonal changes are not unlike the cycles of the financial industry, particularly in recent years. We go through scorching summers, windy autumns, blustery winters and rainy springs—but nature always prevails bringing new life and growth to the region. Similarly, we've come through a period in which the banking industry has written down \$1.7 trillion of credit losses, with still more to come—yet the strongest organizations have remained focused and have continued to grow. As an organization rich with industry expertise and experience, Boston Private Bank & Trust Company has stayed on course, and I am pleased to report that our financial performance remains solid in the midst of this turbulent environment.

The Bank finished the year with net income of \$24.2 million, slightly behind last year due to economic conditions and increases in FDIC deposit insurance costs which impacted the entire banking industry. Boston Private Bank & Trust was the third most profitable bank headquartered in Massachusetts in 2009. Total balance sheet assets of \$3.2 billion were up 6% on average compared to last year and our investment management and trust business finished strong, with assets under management at \$2.5 billion, up 5% from year-end 2008 with a significant increase in new account activity during the fourth quarter.

I am especially pleased with the robust deposit growth we achieved during 2009. Average balances were up 18% versus last year, which contributed to strong liquidity ratios and reflected the confidence of deposit clients in the strength of Boston Private Bank & Trust. Our commercial loan portfolio remained strong and balanced across the diverse business interests of our client base, which includes a growing list of privately owned businesses, nonprofit organizations, and mid-sized commercial real estate investors. In residential mortgages, our loan originations also remained strong. Our credit quality continues to be well ahead of our peers. At 0.29%, our percentage of non-performing assets is substantially below the industry average of 3.32%, and, while competitors are writing off billions of dollars in their investment portfolios, 96% of Boston Private Bank & Trust's investment portfolio is A-rated or better. With our strong deposit and liquidity levels, the Bank is well-positioned to take advantage of strategic lending opportunities going forward.

We held core operating expenses flat this year, excluding the impact of increased FDIC insurance assessments, and our sustained five-year earnings growth rate of 10% compares very favorably with industry peers. The keys to our success continue to be investment and loan quality, capital strength, and liquidity.

We are pleased to report that 2009 was a strong year for Boston Private Bank & Trust's Community Investment Program, with over \$79 million invested in the community primarily through first-time homebuyer, small business, and community development loans; equity investments; and charitable contributions. We financed home mortgages for first-time homebuyers, working primarily with two state-affiliated agencies, the Massachusetts Housing Partnership and MassHousing. We financed affordable housing developments, including projects that directly addressed neighborhood stabilization and foreclosure issues generated by the subprime lending crisis and the economic downturn. We financed small businesses that are creating and preserving jobs in our community, and substantially increased our use of U.S. Small Business Administration programs, especially through the American Recovery and Reinvestment Act of 2009. We look forward to furthering our community involvement in 2010.

Boston Private Financial Holdings, Inc. ("BPFH"), our parent company, recently repaid a portion of its TARP funds. BPFH remains well-capitalized with a Tier 1 Risk-based Capital Ratio of 17.7%, almost triple the 6% needed to meet the standard of "well-capitalized."

With our strong performance in both 2008 and 2009, as we look to the year ahead, I'm confident that Boston Private Bank & Trust is well-positioned to build on its record of success, even against emerging new competitors. While our larger competitors—institutions with foreign or out-of-state ownership—are concerned with rebuilding their balance sheets, and smaller organizations are dealing with asset quality issues, Boston Private Bank & Trust is able to focus on sustaining our asset quality, capital strength, and earnings growth, while taking advantage of new opportunities to serve our target markets.

Our team of expert banking and investment professionals is uniquely aligned to serve the needs of personal and business clients who value exceptional service, customized advice, and a trusted partnership, as well as those who enjoy access to local decision-makers and appreciate our long-standing commitment to the greater Boston area. During a period when trust in the banking industry in general has taken a serious hit, we are particularly grateful for our clients' loyalty. On behalf of everyone at Boston Private Bank & Trust Company, I want to thank you for your ongoing commitment to this organization. Please do not hesitate to contact me with any questions or comments.

Sincerely,

Mark D. Thompson
CEO & President



“Our team of expert banking and investment professionals is uniquely aligned to serve the needs of personal and business clients who value exceptional service, customized advice, and a trusted partnership.”

ANNUAL REPORT OF FINANCIAL CONDITION

Boston Private Bank & Trust Company CONDENSED BALANCE SHEET

(Unaudited) (\$ In Thousands)	December 31,	
	2009	2008
Assets		
Cash & Short-Term Investments	\$177,458	\$46,193
Investment Securities	557,073	662,692
Loans Held for Sale	6,357	4,546
Commercial Loans	1,146,329	1,094,372
Mortgage Loans	1,113,842	1,087,844
Home Equity & Other Loans	95,020	87,619
Total Loans	2,355,191	2,269,835
Less: Allowance for Loan Losses	27,363	25,021
Net Loans	2,327,828	2,244,814
Other Assets	105,626	113,863
Total Assets	\$3,174,342	\$3,072,108
Liabilities & Shareholder's Equity		
Demand Deposits	\$477,283	\$419,465
NOW Accounts	214,556	170,047
Savings & Money Market	1,004,811	998,881
Certificates of Deposit	544,463	491,144
Total Deposits	2,241,113	2,079,537
Borrowings	679,388	746,661
Other Liabilities	22,873	29,172
Total Liabilities	2,943,374	2,855,370
Shareholder's Equity	230,968	216,738
Total Liabilities & Shareholder's Equity	\$3,174,342	\$3,072,108

Boston Private Bank & Trust Company CONDENSED STATEMENTS OF INCOME

(Unaudited) (\$ In Thousands)	Year Ended December 31,	
	2009	2008
Interest Income	\$135,677	\$145,308
Interest Expense	54,573	69,218
Net Interest Income	81,104	76,090
Provision for Loan Losses	4,836	6,229
Net Interest Income after Provision	76,268	69,861
Investment Management Fees	15,002	16,934
Banking Fees and Other Income	6,302	3,891
Operating Expenses	64,679	59,176
Income Before Income Taxes	32,893	31,510
Income Taxes	8,725	6,928
Net Income	\$24,168	\$24,582

Boston Private Bank & Trust Company SELECTED FINANCIAL DATA

(Unaudited) (\$ In Thousands)	At and for the Year Ended December 31,	
	2009	2008
Assets Under Management	\$2,553,000	\$2,432,000
Return on Average Assets	0.78%	0.84%
Return on Average Equity	10.75%	12.40%
Net Interest Margin	2.93%	2.96%
Total Fees and Other Income/Revenues	20.80%	21.49%
Allowance for Loan Losses/Total Loans	1.16%	1.10%

POLICY GROUP



From left to right, front row: Anne L. Randall, Mark D. Thompson, George G. Schwartz, and John J. Sullivan
From left to right, back row: Gary L. Garber, James D. Henderson, Pilar Pueyo, James C. Brown, and Robert C. Buffum, Jr.

Policy Group

Mark D. Thompson
Chief Executive Officer & President

James C. Brown
Executive Vice President
Chief Lending Officer

Robert C. Buffum, Jr.
Senior Vice President
Chief Risk Officer

Gary L. Garber
Senior Vice President
Chief Information Officer

James D. Henderson
Executive Vice President

Pilar Pueyo
Senior Vice President

Anne L. Randall
Executive Vice President
Chief Financial & Administrative Officer

George G. Schwartz
Executive Vice President
Chief Operating Officer & Treasurer

John J. Sullivan
Executive Vice President

Board of Directors

Herbert S. Alexander
Managing Partner
Alexander, Aronson, Finning & Company

John H. Clymer
Senior Counsel
Nixon Peabody LLP

Eugene S. Colangelo
Chairman of the Board
Julio Enterprises
Chairman of the Board
Boston Private Bank & Trust Company

James D. Dawson
Chief Executive Officer,
Private Banking Group
Boston Private Financial Holdings, Inc.

Tracey E. Flaherty
Senior Vice President
Natixis Global Associates

Kathleen M. Graveline
Private Investor

Charles T. Grigsby
Consultant

Susan P. Haney
Private Investor

John D. Macomber
Founder & Chief Executive Officer
BuildingVision, Inc.

Patricia McGovern
General Counsel & Senior Vice President
Beth Israel Deaconess Medical Center

E. Christopher Palmer
President & Managing Shareholder
Palmer and Corbett, PC

Michael F. Schiavo
Consultant

James K. Schmidt
Private Investor

Mark D. Thompson
Chief Executive Officer & President
Boston Private Bank & Trust Company

Timothy L. Vaill
Chairman & Chief Executive Officer
Boston Private Financial Holdings, Inc.

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Jamaica Plain, Massachusetts
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Newton, Massachusetts
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Lexington, Massachusetts
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Hingham, Massachusetts
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BOSTON PRIVATE BANK & TRUST COMPANY

