

BOSTON PRIVATE FINANCIAL HOLDINGS, INC.¹

GOVERNANCE COMMITTEE CHARTER

Approved as of

July 27, 2005

I. General Statement of Purpose

The purpose of the Governance Committee of the Board of Directors (the "Governance Committee") of Boston Private Financial Holdings, Inc. (the "Company") is to (a) identify individuals qualified to become board members, and recommend director nominees for election at each annual meeting of stockholders, and (b) develop and recommend to the Board a set of corporate governance guidelines applicable to the Company and periodically review such guidelines and recommend any changes thereto.

II. Composition

The number of individuals serving on the Governance Committee shall be fixed by the Board from time to time but shall consist of no fewer than three (3) members, all of whom shall meet the independence requirements set forth in Rule 4350 of the Marketplace Rules of the National Association of Securities Dealers, Inc. ("NASD")²

The members of the Governance Committee shall be appointed annually by the Board and may be replaced or removed by the Board at any time with or without cause. Resignation or removal of the Director from the Board, for whatever reason, shall automatically constitute resignation or removal, as applicable, from the Governance Committee. Vacancies occurring, for whatever reason, may be filled by the Board. The Board shall designate one member of the Governance Committee to serve as Chairman of the Governance Committee.

III. Meetings

The Governance Committee generally is to meet a minimum of two (2) times per year in person or by conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, with any additional meetings as deemed necessary or appropriate by the Governance Committee.³ A majority of the members of the Governance Committee shall constitute a quorum for purposes of holding a meeting and the Governance Committee may act by a vote of a majority of members present at such meeting. In lieu of a meeting, the Governance Committee may act by unanimous written consent.

IV. Responsibilities

The Governance Committee's responsibilities shall be to:

A. Maintain and Review of Charters

- Review and reassess the adequacy of the Charters of each Committee of the Board annually and submit any proposed changes to the Board for approval.⁴

B. Annual Performance Evaluation of the Board

- Perform an annual performance evaluation of the Board and its committees, reporting to the Board on the results of such evaluation.
- Assess performance of the Board and Committees in the context of their Charters and the appropriate regulatory and compliance standards.

C. Selection of New Directors

- Establish criteria for Board and committee membership, which shall include consideration of such matters as the experience and qualifications of any particular director candidate as well as such director candidate's past or anticipated contributions to the Board and its committees, and annually reassess the adequacy of such criteria.
- Exercise sole authority to retain and terminate any search firm that is to be used by the Company to assist in identifying director candidates. The Governance Committee shall also have sole authority to approve any such search firm's fees and other retention terms.
- Identify individuals qualified to become members of the Board and recommend that the Board select the director nominees for election at each annual meeting of stockholders; provided that, if the Company is legally required by contract or otherwise to provide third parties with the ability to nominate individuals for election as a member of the Board (pursuant, for example, to the rights of holders of preferred stock to elect directors upon a dividend default or in accordance with shareholder agreements or management agreements), the selection and nomination of such director nominees shall be governed by such contract or other arrangement and shall not be the responsibility of the Governance Committee.
- Consider nominations in light of the requirement that a majority of the Board be comprised of directors who meet the independence requirements set forth in Rule 4350 of the Marketplace Rules of NASD.

- Recommend, in consultation with the Chairman of the Board of Directors, that the Board select the directors for appointment to committees of the Board.

D. Corporate Governance Guidelines⁵

- Develop and recommend to the Board a set of corporate governance guidelines applicable to the Company. These guidelines are to include, at a minimum:
 - Committee Charters and Performance
 - Board Training and Evaluation Procedures
- Review and reassess the adequacy of the corporate governance guidelines annually and recommend any proposed changes to the Board for approval.

V. General

- The Governance Committee may establish and delegate authority to subcommittees consisting of two or more of its members, when the Governance Committee deems it appropriate to do so in order to carry out its responsibilities.
- The Governance Committee shall make regular reports to the Board concerning areas of the Governance Committee's responsibility.
- In carrying out its responsibilities, the Governance Committee shall be entitled to rely upon advice and information that it receives in its discussions and communications with management and such experts, advisors and professionals with whom the Governance Committee may consult. The Governance Committee shall have the authority to request that any officer or employee of the Company, the Company's outside legal counsel, the Company's independent auditor or any other professional retained by the Company to render advice to the Company attend a meeting of the Governance Committee or meet with any members of or advisors to the Governance Committee. The Governance Committee shall also have the authority to engage legal, accounting or other advisors to provide it with advice and information in connection with carrying out its responsibilities.
- The Governance Committee may perform such other functions as may be requested by the Board from time to time.

¹ This charter was created based on a model prepared primarily for use by companies listed on the New York Stock Exchange, which requires that listed companies have a nominating/corporate governance committee with a written charter. NASDAQ companies are required to have the nomination of company directors determined by either a majority of the independent directors or by a nominations committee comprised of independent directors (see footnote 2 for a limited exception to the independence requirement). NASDAQ companies that choose to have a nominating/corporate governance committee may wish to adopt formal written charters, despite the absence of an express requirement to do so.

² If the Governance Committee of a Nasdaq company has at least 3 members, one non-independent director who is not a current officer or employee or a family member of such person, may serve on the Governance Committee if the Board, under exceptional and limited circumstances, determines that such individual's membership on the committee is required by the best interests of the Company and its stockholders, and the Board discloses in the next annual meeting proxy statement following such determination, the nature of the relationship, and the reasons for the determination. A member appointed under this exception may not serve longer than 2 years. Alternatively, if the Governance Committee has at least 3 members, one director who is a 20% stockholder and is an officer may serve on the Governance Committee if the Board determines that such individual's membership on the committee is required by the best interests of the Company and its stockholders, and the Board discloses in the next annual meeting proxy statement following such determination, the nature of the relationship, and the reasons for the determination.

³ Alternatively, companies may leave the number of meetings to be held entirely within the discretion of the Governance Committee.

⁴ While this task is not expressly required by the NYSE rules, it is generally good practice for the committee to undertake this responsibility.

⁵ Not required by NASDAQ.