

PRINCIPLES THAT ENDURE

Service

Expertise

Integrity

Northern Trust Corporation

First Quarter 2013

Quarterly Earnings Review

April 16, 2013



Northern Trust



Executive Summary

- Net income of \$164 million, earnings per common share of \$.67, return on equity of 8.8%
- The current quarter included the following items totaling \$14.2 million (\$8.9 million after tax, or \$.04 per share):
 - ◆ A \$12.4 million write-off of certain fee receivables resulting from a correction of an accrual methodology followed in prior years
 - ◆ Restructuring and integration related charges of \$1.8 million
- The macroeconomic environment was mixed, with equity markets and currency volatility up quarter-over-quarter but interest rates falling further





Results & Key Metrics

\$ in millions (except EPS and as noted)

	1Q 2013	% Change Vs.	
		1Q 2012	4Q 2012
Revenue (FTE ^{1,2})	\$984.0	+1%	+1%
Noninterest Expense	728.9	+1%	-2%
Provision for Credit Losses	5.0	-	-
Net Income	\$164.0	+2%	-2%
Earnings per Share	\$0.67	+2%	-3%
Return on Equity³	8.8%	9.0%	8.8%
Assets under Custody (<i>in billions</i>)	\$5,024.4	+9%	+5%
Global Custody Assets (<i>in billions</i>)	\$2,837.5	+10%	+6%
Assets under Management (<i>in billions</i>)	\$810.2	+13%	+7%

¹ Revenue stated on an FTE basis is a non-GAAP financial measure. A reconciliation to reported revenue prepared in accordance with U.S. generally accepted accounting principles (GAAP) is included in the Appendix on page 11.

² Fully taxable equivalent

³ Actual numbers for all periods, not % change.

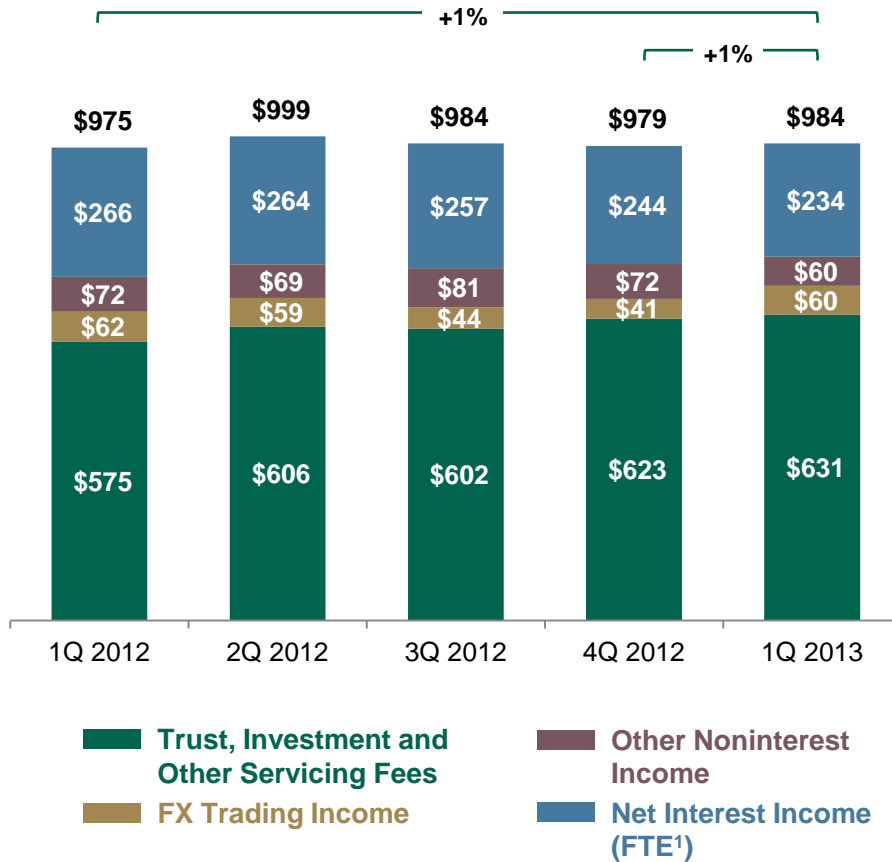




Total Revenue

\$ in millions

Total Revenue (FTE¹)



- Revenues were relatively flat as growth in Trust, Investment and Other Servicing Fees and sequentially higher FX Trading Income was largely offset by a decline in Net Interest Income
- Trust, Investment and Other Servicing Fees grew 10% year-over-year and 1% sequentially due to new business and rising markets
- FX Trading Income declined 4% from the prior year but increased 46% from the prior period due to higher volumes and market volatility
- Net Interest Income (FTE¹) was 12% lower than the prior year and 4% lower than the prior period due to a decline in the Net Interest Margin and lower Average Earning Assets.

Categories may not sum due to rounding.

¹ Net interest income and total revenue stated on an FTE basis are non-GAAP financial measures. A reconciliation of these measures to reported results prepared in accordance with U.S. GAAP is included in the Appendix on page 11.





Trust, Investment & Other Servicing Fees

\$ in millions (except as noted)

	1Q 2013	% Change Vs.	
		1Q 2012	4Q 2012
Custody & Fund Administration	\$223.8	+7%	-
Investment Management	75.5	+22%	+2%
Securities Lending	22.3	+4%	+10%
Other	27.1	+13%	+8%
<i>Total C&IS Trust Fees</i>	\$348.7	+10%	+1%
<i>Total PFS Trust Fees</i>	\$282.0	+9%	+1%
<i>Total Trust Fees</i>	\$630.7	+10%	+1%
<i>Client assets (in billions):</i>			
C&IS AUC	\$4,569.1	+9%	+5%
Global Custody Assets	\$2,837.5	+10%	+6%
C&IS AUM	\$604.2	+12%	+8%
Sec. Lending Collateral	\$101.1	+5%	+15%
PFS AUC	\$455.3	+12%	+2%
PFS AUM	\$206.0	+15%	+4%

- Growth in Trust, Investment and Other Servicing Fees was distributed across business units and fee categories
- Client asset and trust fee growth were driven by net new business and favorable equity markets
 - ◆ Equity markets were up in the quarter and year-over-year, but performance was mixed on a lagged basis
- Money market fee waivers were lower than last year but \$6.9 million higher than last quarter
 - ◆ C&IS fee waivers totaled \$8.8 million in the current quarter
 - ◆ PFS fee waivers totaled \$13.4 million

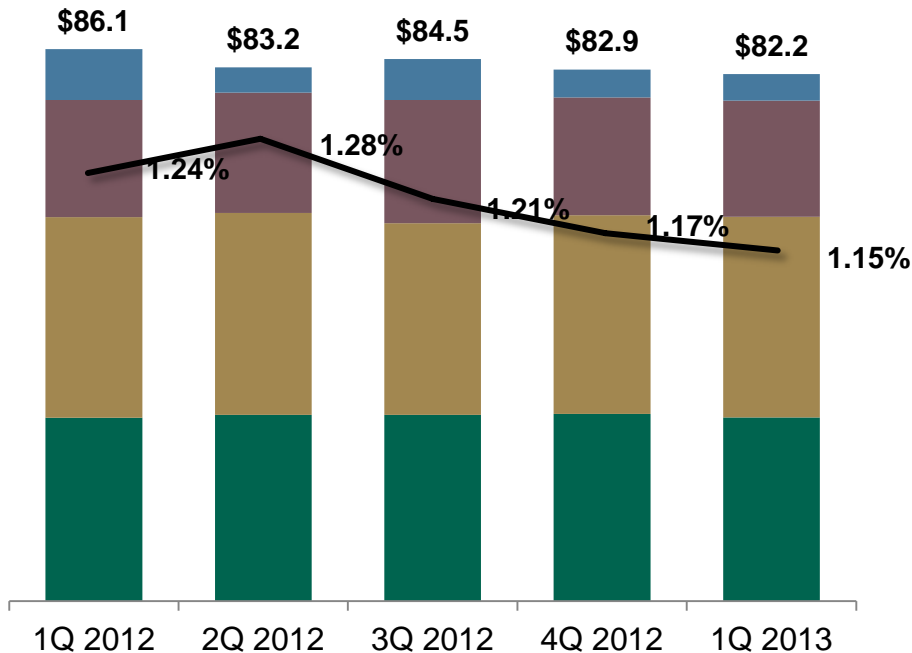




Net Interest Income

\$ in millions (except as noted)

Average Earning Assets (\$ in billions)



NII (FTE ¹)	1Q 2012	2Q 2012	3Q 2012	4Q 2012	1Q 2013
	\$266.3	\$264.3	\$256.9	\$243.6	\$233.7



- Net Interest Margin narrowed to 1.15% from 1.24% a year ago and 1.17% last quarter
- ◆ Yields declined as 3 month LIBOR and other short term interest rates were lower
- ◆ The proportion of funding derived from demand deposits declined
- Average Earning Assets were 5% lower than 1Q 2012 and 1% lower than the 4Q 2012, with mix remaining relatively consistent

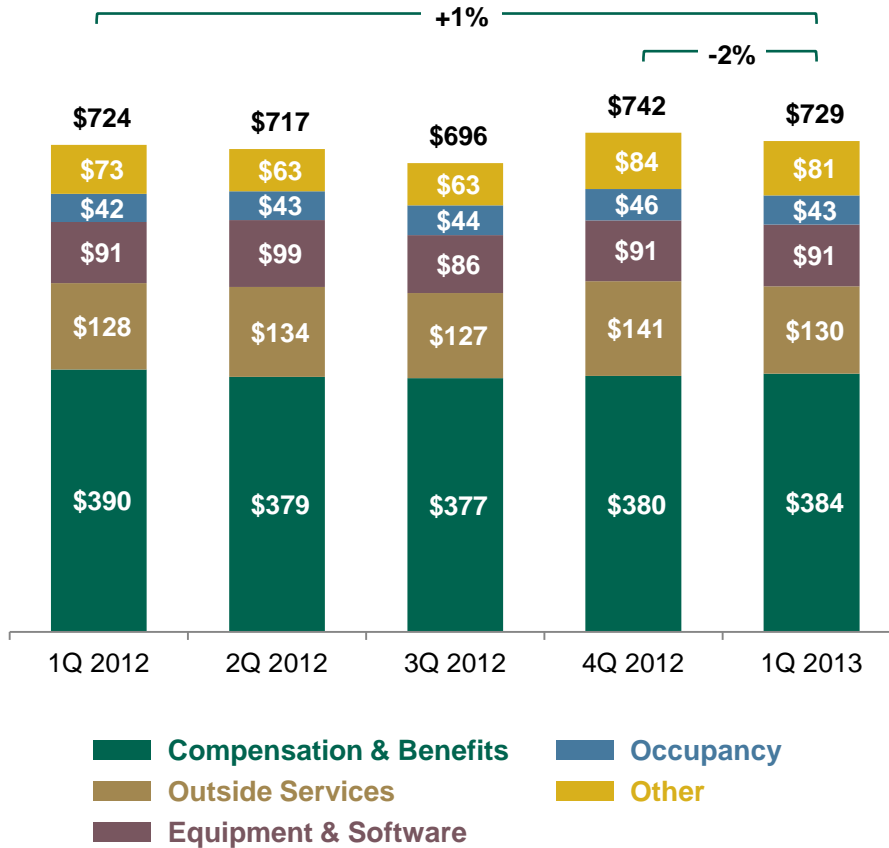
¹ Net interest income and net interest margin stated on an FTE basis are non-GAAP financial measures. A reconciliation of these measures to reported results prepared in accordance with U.S. GAAP is included in the Appendix on page 11.



Noninterest Expense

\$ in millions

Total Noninterest Expense



- Noninterest Expense included charges of \$1.8 million, compared to \$3.9 million in 1Q 2012 and \$8.2 million in 4Q 2012
- Compensation & Benefits decreased 2% year-over-year but increased 1% versus the prior quarter
- Outside Services expense was 1% higher than last year but 8% lower than the prior quarter
- Equipment & Software expenses were higher than the prior year and the prior quarter, reflecting ongoing technology investments
- Occupancy costs were 3% higher than the prior year but 7% lower than the prior quarter
- Other Operating Expense included expenses related to the Northern Trust Open

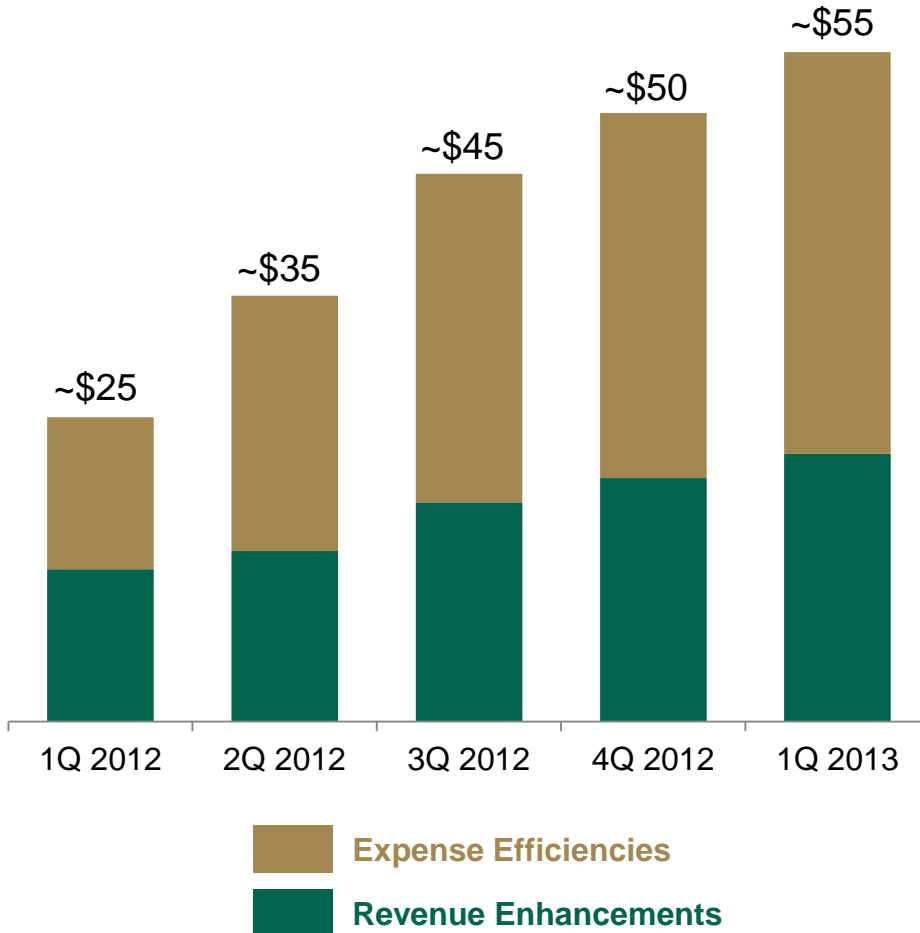
Categories may not sum due to rounding.

¹ Adjusted noninterest expenses are non-GAAP financial measures. A reconciliation of these measures to reported results prepared in accordance with U.S. GAAP is included in the Appendix on page 11.



Driving Performance: Pretax Benefit

\$ in millions (except as noted)



- We achieved approximately \$55 million in pre-tax income benefit from Driving Performance initiatives in 1Q 2013, an increase of \$5 million versus 4Q 2012
- We are on target to achieve \$250 million of pre-tax benefit in 2013





Balance Sheet: Outstanding Capital Strength

Northern Trust Corporation Capital Ratios

Tier 1 Common Equity ¹	12.8%
Tier 1 Capital Ratio	13.3%
Total Risk-Based Ratio	14.7%
Leverage Ratio	8.4%

Capital Return

- Paid \$73 million in dividends and repurchased \$74 million of our common stock in 1Q 2013
- Our 2013 capital plan was reviewed without objection by the Federal Reserve and included a planned increase in our quarterly dividend to \$0.31 per share and the repurchase of up to \$400 million of common stock through the 1Q 2014

¹The ratio of tier 1 common equity to risk-weighted assets is a non-GAAP financial measure. A reconciliation of tier 1 common equity to tier 1 capital calculated in accordance with applicable regulatory requirements and GAAP is included in the Appendix on page 12.

As of March 31, 2013. Capital ratios are considered preliminary until the 10Q is filed with the SEC.



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Appendix





Reconciliation of Non-GAAP Financial Measures

The following table presents a reconciliation of interest income and net interest income prepared in accordance with GAAP to interest income and net interest income on a fully taxable equivalent (FTE) basis, a non-GAAP financial measure. Management believes this presentation provides a clearer indication of net interest margins for comparative purposes.

Three Months Ended

(\$ In Millions)	March 31, 2013			December 31, 2012			March 31, 2012		
	Reported	FTE Adj.	FTE	Reported	FTE Adj.	FTE	Reported	FTE Adj.	FTE
Interest Income	\$ 286.7	\$ 7.6	\$ 294.3	\$ 302.1	\$ 9.4	\$ 311.5	\$ 341.0	\$ 9.9	\$ 350.9
Interest Expense	60.6	–	60.6	67.9	–	67.9	84.6	–	84.6
Net Interest Income	\$ 226.1	\$ 7.6	\$ 233.7	\$ 234.2	\$ 9.4	\$ 243.6	\$ 256.4	\$ 9.9	\$ 266.3
Net Interest Margin	1.12%		1.15%	1.12%		1.17%	1.20%		1.24%
Total Revenue	\$ 976.4	\$ 7.6	\$ 984.0	\$ 969.7	\$ 9.4	\$ 979.1	\$ 965.4	\$ 9.9	\$ 975.3



Reconciliation of Non-GAAP Financial Measures

The following table provides a reconciliation of tier 1 common equity to tier 1 capital calculated in accordance with applicable regulatory requirements and GAAP. Northern Trust is providing the ratio of tier 1 common equity to risk-weighted assets in addition to its capital ratios prepared in accordance with regulatory requirements and GAAP as it is a measure that Northern Trust and investors use to assess capital adequacy.

(\$ In Millions)	March 31, 2013	
Ratios		
Tier 1 Capital	13.3	%
Tier 1 Common Equity	12.8	%
Tier 1 Capital	\$ 7,587.0	
Less: Floating Rate Capital Securities	268.7	
Tier 1 Common Equity	\$ 7,318.3	





Forward Looking Statement

This presentation may include forward-looking statements such as statements that relate to Northern Trust's financial goals, capital adequacy, dividend policy, expansion and business development plans, risk management policies, anticipated expense levels and projected profit improvements, business prospects and positioning with respect to market, demographic and pricing trends, strategic initiatives, re-engineering and outsourcing activities, new business results and outlook, changes in securities market prices, credit quality including allowance levels, planned capital expenditures and technology spending, anticipated tax benefits and expenses, and the effects of any extraordinary events and various other matters (including developments with respect to litigation, other contingent liabilities and obligations, and regulation involving Northern Trust and changes in accounting policies, standards and interpretations) on Northern Trust's business and results. These statements speak of Northern Trust's plans, goals, targets, strategies, beliefs, and expectations, and refer to estimates or use similar terms. Actual results could differ materially from those indicated by these statements because the realization of those results is subject to many risks and uncertainties.

Our 2012 annual report and periodic reports to the SEC contain information about specific factors that could cause actual results to differ, and you are urged to read them. Northern Trust disclaims any continuing accuracy of the information provided in this presentation after today.