

Northern Trust Corporation

First Quarter 2016 Quarterly Earnings Review

April 19, 2016



NORTHERN TRUST

EXECUTIVE SUMMARY

- Net income of \$241.8 million
- Earnings per common share of \$1.01, up 7% year-over-year
- Return on average common equity of 11.4%
- The operating environment was mixed:
 - U.S equity markets were lower year-over-year but higher sequentially
 - International equity markets were down both year-over-year and sequentially
 - Short-term interest rates improved but remained low
- Assets under custody increased 2% year-over-year and sequentially
- Assets under management were 6% lower year-over-year and up 3% sequentially

SUMMARY RESULTS & KEY METRICS

\$ in millions (except EPS and as noted)

	1Q 2016	% Change Vs.	
		1Q 2015	4Q 2015
Revenue (FTE ^{1,2})	\$1,196.2	+5%	+3%
Noninterest Expense	828.8	+5%	-
Provision for Credit Losses	2.0	N/M	N/M
Net Income	\$241.8	+5%	+1%
Earnings per Share	\$1.01	+7%	+2%
Return on Equity ³	11.4%	11.3%	11.1%
Assets under Custody (<i>in billions</i>)	\$6,211	+2%	+2%
Global Custody Assets (<i>in billions</i>)	\$3,634	+3%	+3%
Assets under Management (<i>in billions</i>)	\$900	-6%	+3%

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.

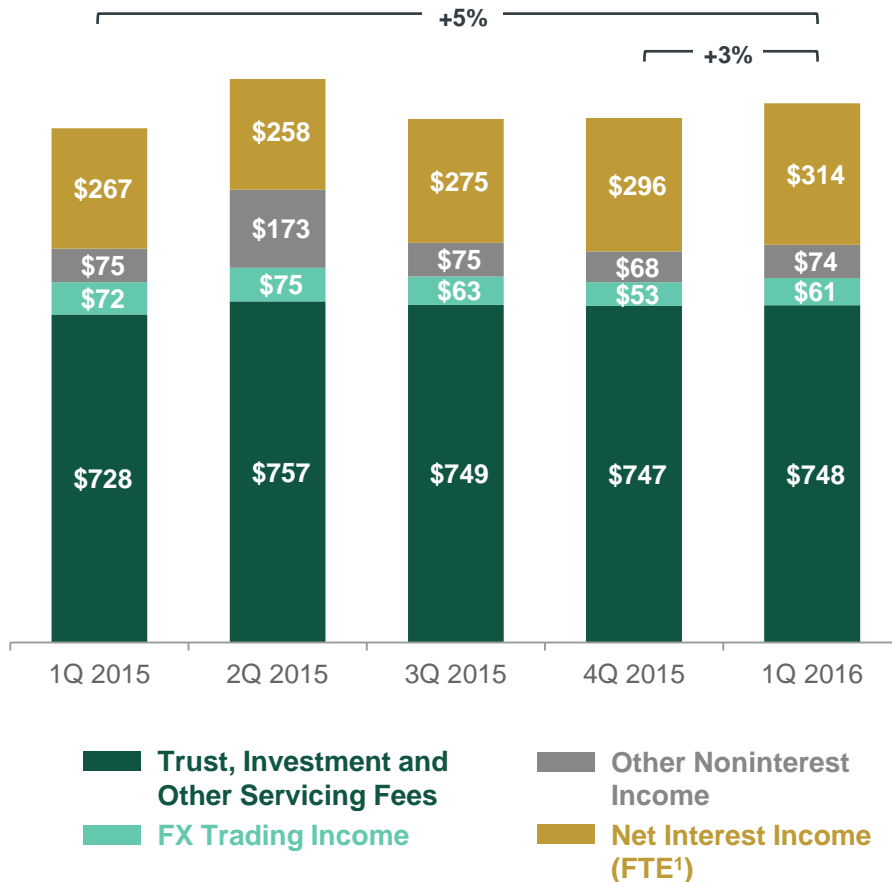
² Fully taxable equivalent

³ Actual numbers for all periods, not % change.

TOTAL REVENUE

\$ in millions

Total Revenue (FTE¹)



- Trust, Investment & Other Servicing Fees were up 3% year-over-year and flat sequentially
- Foreign Exchange Trading Income decreased 15% from the prior year and increased 15% versus the prior quarter
- Other Noninterest Income was down 2% year-over-year and up 9% sequentially
- Net Interest Income (FTE¹) was up 18% year-over-year and 6% sequentially

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

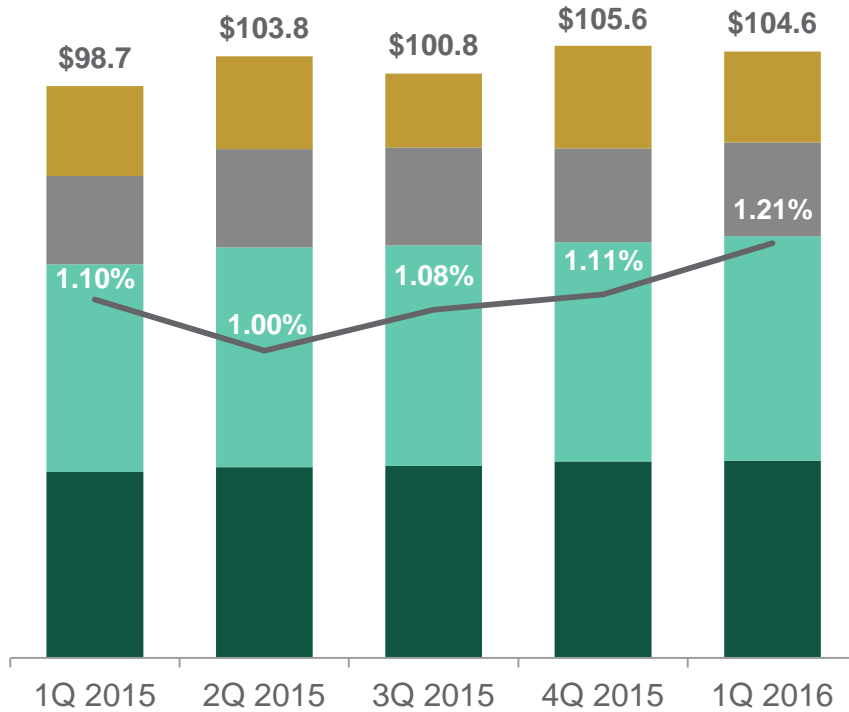
\$ in millions (except as noted)

Trust, Investment & Other Servicing Fees	1Q 2016	% Change Vs.	
		1Q 2015	4Q 2015
Custody & Fund Administration	\$286.4	+3%	-
Investment Management	89.1	+17%	+4%
Securities Lending	22.6	+5%	+1%
Other	35.3	+10%	+4%
<i>Total Corporate & Institutional Services</i>	\$433.4	+6%	+1%
Central	\$124.4	-5%	-3%
East	81.0	-2%	-2%
West	63.9	-4%	-3%
Global Family Office	45.5	+13%	+6%
<i>Total Wealth Management</i>	\$314.8	-2%	-1%
<u>Client Assets (in billions):</u>			
C&IS AUC	\$5,700	+2%	+2%
Global Custody Assets	\$3,634	+3%	+3%
C&IS AUM	\$670	-8%	+3%
Securities Lending Collateral	\$106	-14%	+2%
Wealth Management AUC	\$511	-3%	+1%
Wealth Management AUM	\$230	-1%	+1%

- C&IS Trust, Investment & Other Servicing Fees were up 6% year-over-year and 1% sequentially
 - Custody & Fund Administration fee growth driven by new business, partially offset by the unfavorable impact of equity markets and movements in foreign exchange rates
 - Investment Management fees reflect lower money market mutual fund fee waivers
 - Securities Lending fees increased 5% year-over-year due to higher spreads partially offset by lower volumes
- Wealth Management Trust, Investment & Other Servicing Fees were down 2% year-over-year and 1% sequentially
 - The impact of unfavorable equity markets and lower fee revenue from equity mutual funds were partially offset by lower money market mutual fund fee waivers

NET INTEREST INCOME

Average Earning Assets (\$ in billions)



- Net Interest Income (FTE¹) was up 18% year-over-year and 6% sequentially
- Average Earning Assets were 6% higher than the prior year and 1% lower sequentially
 - Average securities were up 8% versus the prior year
 - Average loans and leases were up 6% versus the prior year
- The Net Interest Margin increased versus the prior year and prior quarter due to higher yields on earnings assets

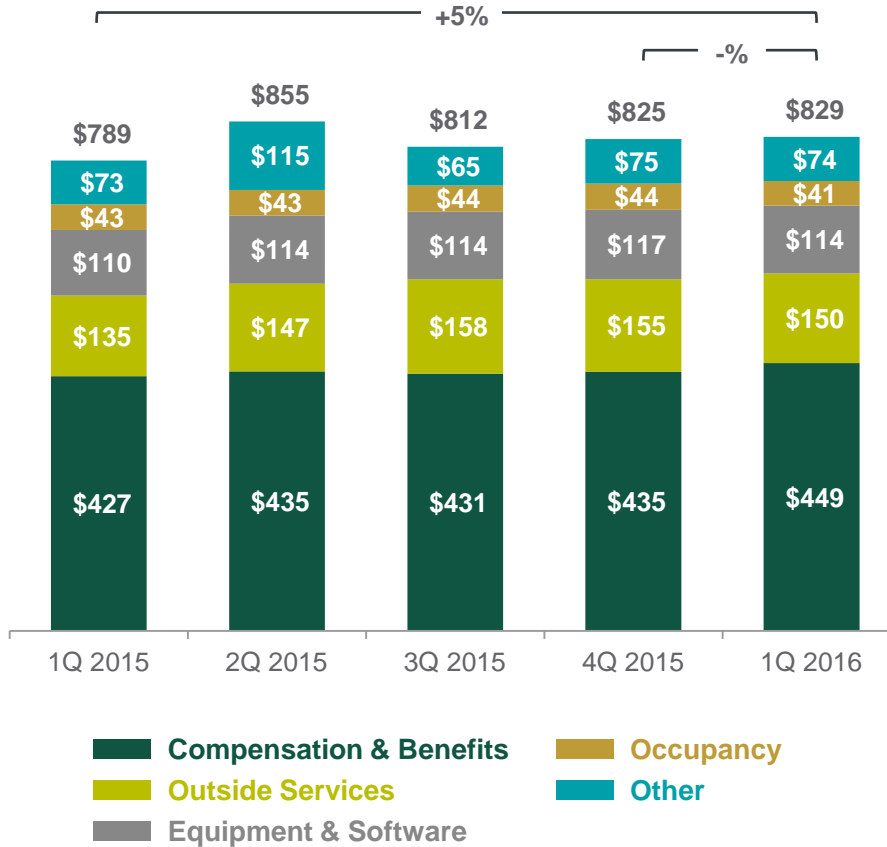
■ Loans & Leases ■ Deposits w/ Banks
■ Securities ■ Fed Deposits & Other
— NIM (FTE¹)

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

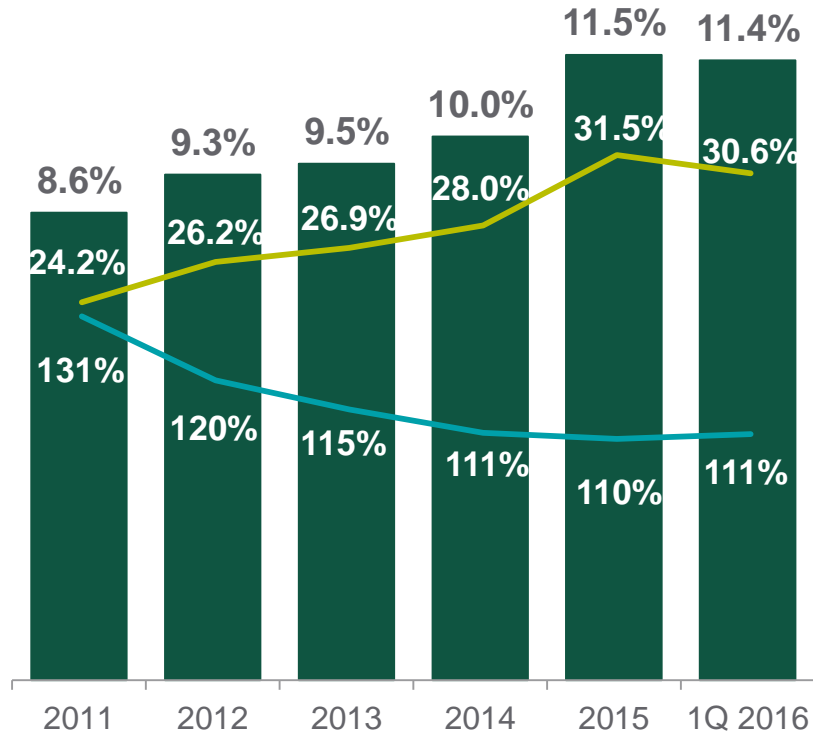


- Compensation expense increased 7% year-over-year and 4% sequentially
 - Higher salary expense attributable to staff growth contributed to the year-over-year comparison
- Employee Benefit expense decreased 3% year-over-year and was 2% higher sequentially
- Outside Services expense was 11% higher than last year and 3% lower than last quarter
- Equipment & Software expense was 3% higher than the prior year and 2% lower sequentially
- Other Operating expense was 1% higher year-over-year and flat sequentially

Categories may not sum due to rounding.

PROFITABILITY AND RETURNS

Return on Equity



- Noninterest Expense as a % of Trust & Investment Fees
- Pre-tax Margin¹

- We remain focused on sustainably improving profitability and returns
- Ratio of expenses to trust & investment fees has declined since 2011
- Return on equity was 11.4% in the current quarter and within our target range of 10%-15%

¹ Pre-tax margin stated on an FTE basis is a non-GAAP financial measure. A reconciliation to reported results prepared in accordance with U.S. GAAP is included in the Appendix on page 11.

CAPITAL

Northern Trust Corporation Capital Ratios

Advanced Approach

Common Equity Tier 1	11.6%
Tier 1	12.1%
Total	13.6%
Supplementary Leverage	6.1%

Standardized Approach

Common Equity Tier 1	10.6%
Tier 1	11.0%
Total	12.7%
Leverage	7.4%

Capital Return

- Declared \$83.9 million in common stock dividends and repurchased \$140.3 million of common stock in 1Q 2016
- Remaining capacity to repurchase up to \$145 million of common stock through June 2016 under our 2015 capital plan

As of March 31, 2016. Capital ratios are considered preliminary until the Form 10-Q is filed with the Securities and Exchange Commission.

Appendix



NORTHERN TRUST

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

The following table presents a reconciliation of interest income, net interest income, net interest margin, total revenue and pre-tax margin prepared in accordance with GAAP to such measures on a fully taxable equivalent (FTE) basis, which are non-GAAP financial measures.

Management believes this presentation provides a clearer indication of these financial measures for comparative purposes.

(\$ In Millions)	Three Months Ended								
	March 31, 2016			December 31, 2015			March 31, 2015		
	Reported	FTE Adj.	FTE	Reported	FTE Adj.	FTE	Reported	FTE Adj.	FTE
Net Interest Income									
Interest Income	\$ 352.0	\$ 6.2	\$ 358.2	\$ 330.7	\$ 6.6	\$ 337.3	\$ 298.8	\$ 6.2	\$ 305.0
Interest Expense	44.2	—	\$ 44.2	41.3	—	41.3	38.2	—	38.2
Net Interest Income	\$ 307.8	\$ 6.2	\$ 314.0	\$ 289.4	\$ 6.6	\$ 296.0	\$ 260.6	\$ 6.2	\$ 266.8
Net Interest Margin	1.18%		1.21%	1.09%		1.11%	1.07%		1.10%
Total Revenue	\$ 1,190.0	\$ 6.2	\$ 1,196.2	\$ 1,156.7	\$ 6.6	\$ 1,163.3	\$ 1,134.5	\$ 6.2	\$ 1,140.7
Pre-tax Margin	30.2%		30.6%	30.3%		30.7%	30.9%		31.2%

FORWARD-LOOKING STATEMENTS

This presentation may include statements which constitute “forward-looking statements” within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are identified typically by words or phrases such as “believe,” “expect,” “anticipate,” “intend,” “estimate,” “project,” “likely,” “plan,” “goal,” “target,” “strategy,” and similar expressions or future or conditional verbs such as “may,” “will,” “should,” “would,” and “could”. Forward-looking statements include statements, other than those related to historical facts, that relate to Northern Trust’s financial results and outlook, capital adequacy, dividend policy, anticipated expense levels, spending related to technology and regulatory initiatives, risk management policies, contingent liabilities, strategic initiatives, industry trends, and expectations regarding the impact of recent legislation. These statements are based on Northern Trust’s current beliefs and expectations of future events or future results, and involve risks and uncertainties that are difficult to predict and subject to change. These statements are also based on assumptions about many important factors, including the factors discussed in Northern Trust’s most recent annual report on Form 10-K and other filings with the U.S. Securities and Exchange Commission, all of which are available on Northern Trust’s website. We caution you not to place undue reliance on any forward-looking statement as actual results may differ materially from those expressed or implied by forward-looking statements. Northern Trust assumes no obligation to update its forward-looking statements.

*This presentation should be reviewed together with Northern Trust Corporation’s
First Quarter 2016 earnings press release, which is available at:*

www.northerntrust.com/about-us/investor-relations/financial-information/earnings-releases