

NORTHERN TRUST CORPORATION

Barclays Global Financial Services Conference 2016

Frederick H. Waddell
Chairman & Chief Executive Officer

Sheraton Times Square
New York
14 September 2016



NORTHERN TRUST

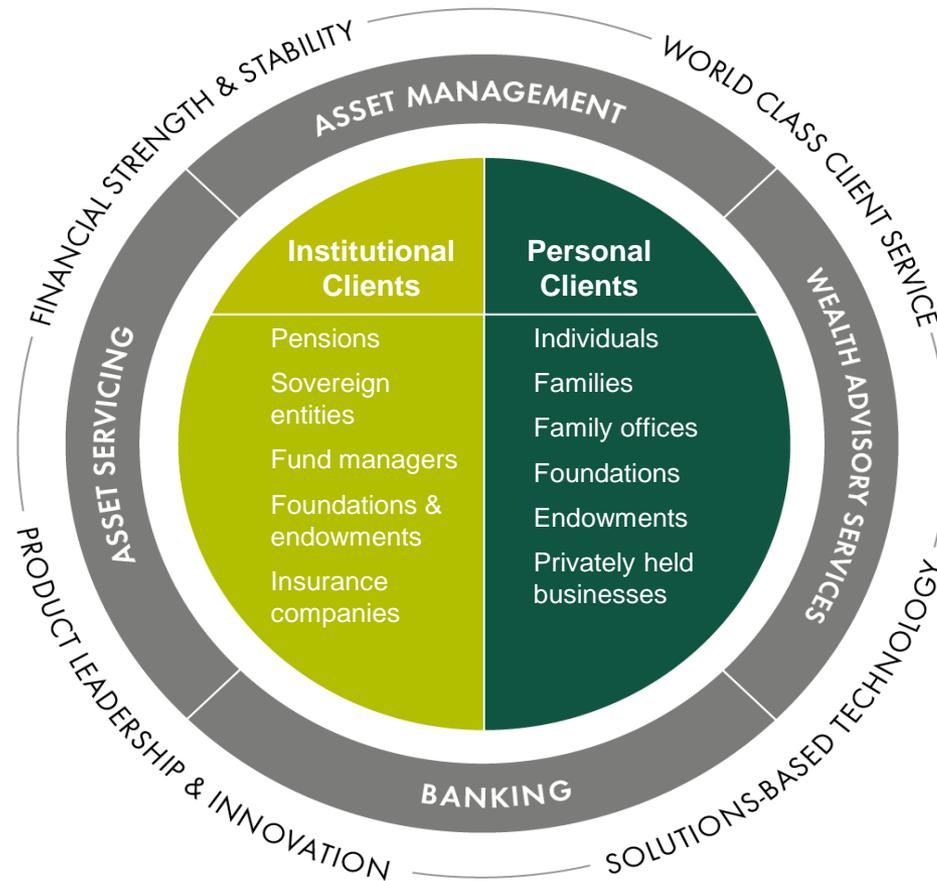
FORWARD-LOOKING STATEMENTS

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.

CLIENT-CENTRIC, FOCUSED BUSINESS MODEL

Attributes of Attractive Lines of Businesses for Northern Trust:

- **Large and growing** markets
- **Multi-product**
- **Stable, low-risk**
- **Recurring, fee-based**
- **Relationship oriented**



Asset Management

\$906 billion

Assets Under Management

Asset Servicing

\$8.1 trillion

Assets Under Custody/Administration

Banking

\$115 billion

Average Balance Sheet Assets

WEALTH MANAGEMENT

A full array of goals driven wealth management solutions for individuals, families and private businesses.

Investment Management

- Goals Driven Investing
- Brokerage services

Wealth Planning

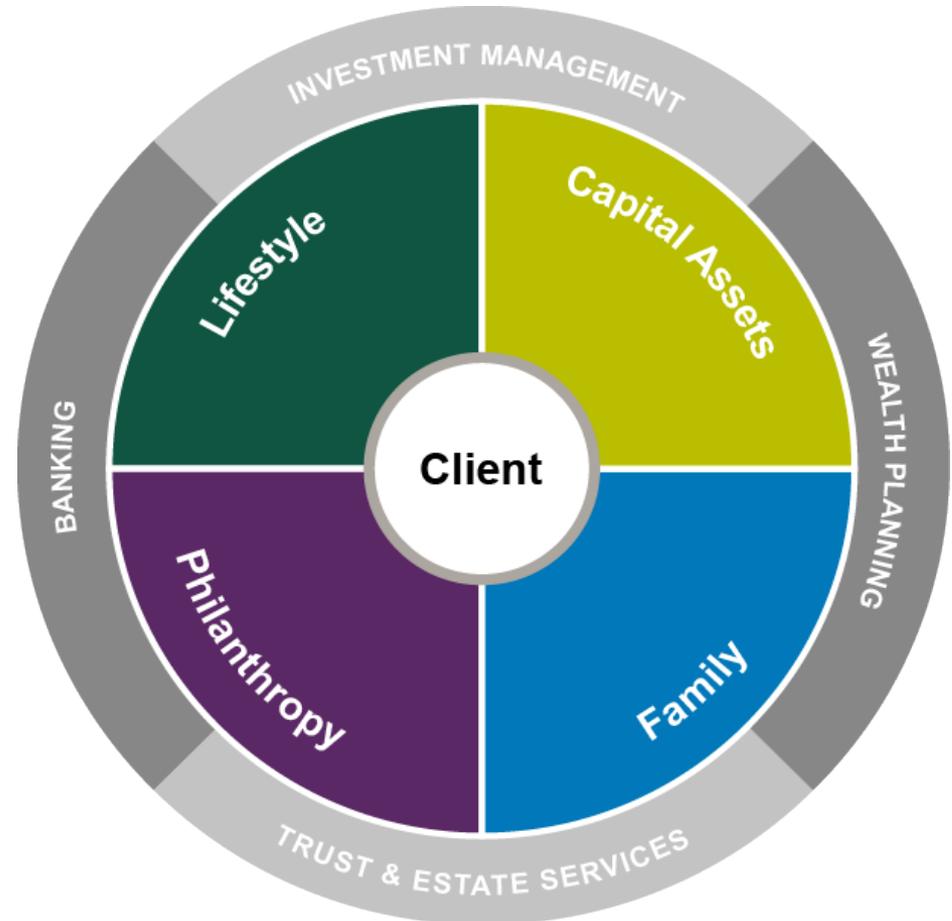
- Financial planning
- Family education and governance
- Tax and wealth transfer strategies
- Philanthropy
- Business owner services

Trust & Estate Services

- Wealth transfer planning
- Custom trust solutions
- Trust administration
- Estate settlement services
- Guardianship services

Banking

- Private banking
- Business banking



CORPORATE & INSTITUTIONAL SERVICES

Delivering asset servicing and asset management solutions to institutional clients globally.

CLIENT EMPHASIS

Pensions

Not-for-Profit

Sovereign Entities

Financial Institutions

Insurance

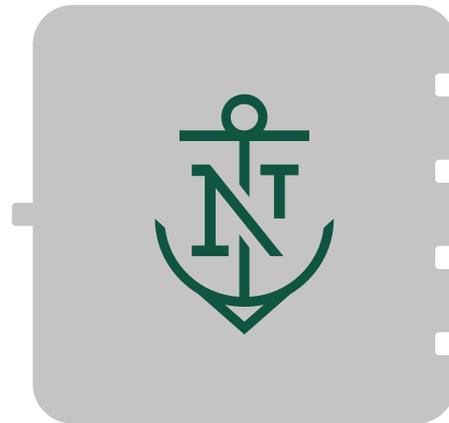
Fiduciary Managers

Investment Managers

Alternative Managers

GLOBAL DISTRIBUTION

CUSTOMIZED OFFERING



SOLUTION SET

Asset Management

Asset Servicing

Capital Market

Data

Fund

Liquidity

Regulatory

Retirement

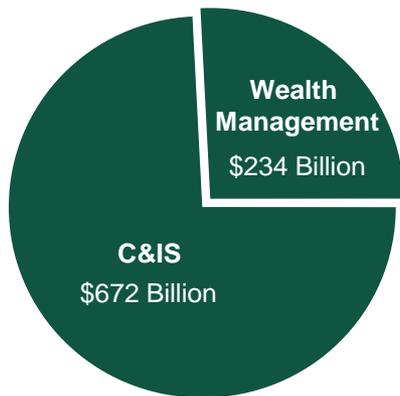
TECHNOLOGY AND EXPERTISE

ASSET MANAGEMENT

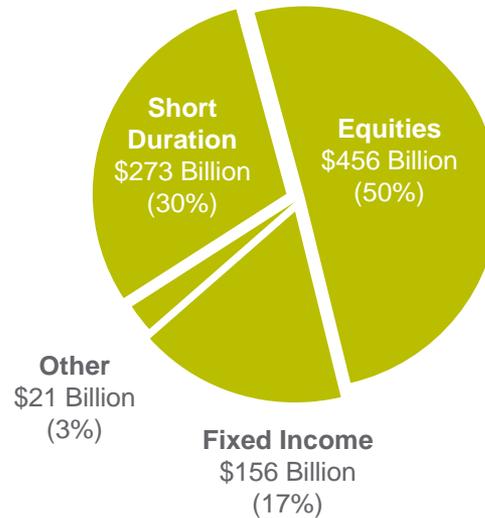
Client-focused, diversified asset management solutions.

Total assets under management of \$906 billion across client segments, asset classes and investment styles.

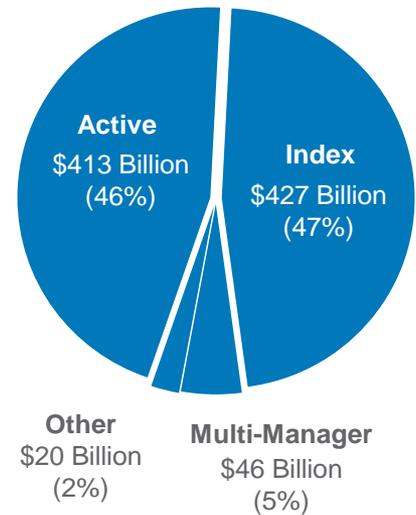
Client Segments



Asset Classes



Styles



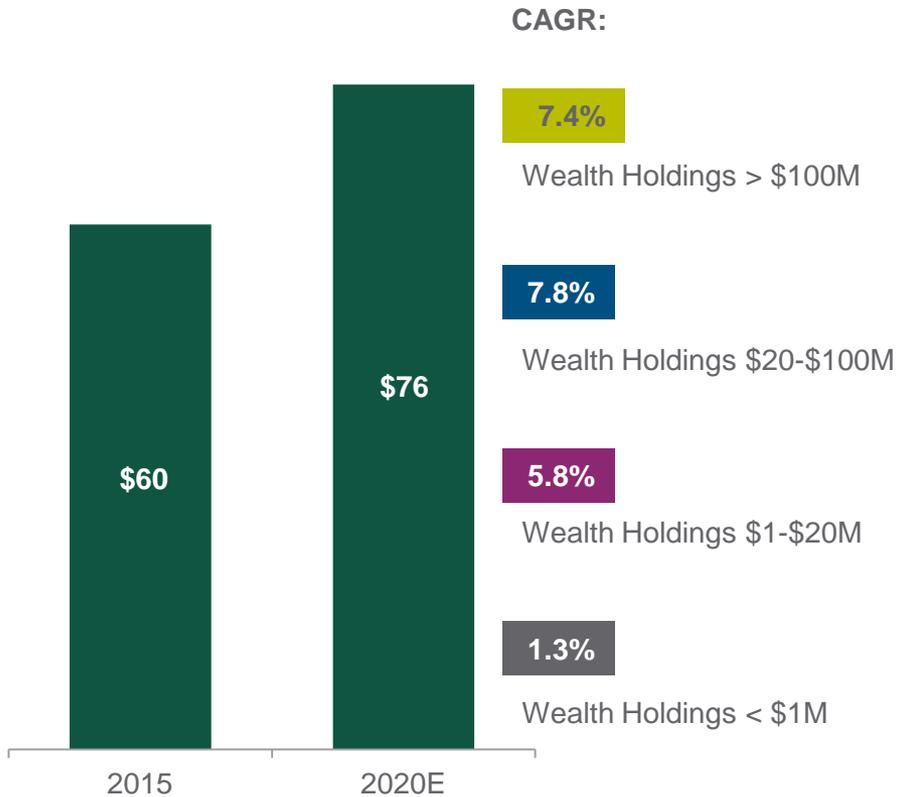
TRANSFORMING TECHNOLOGY TO ENABLE BUSINESS GROWTH



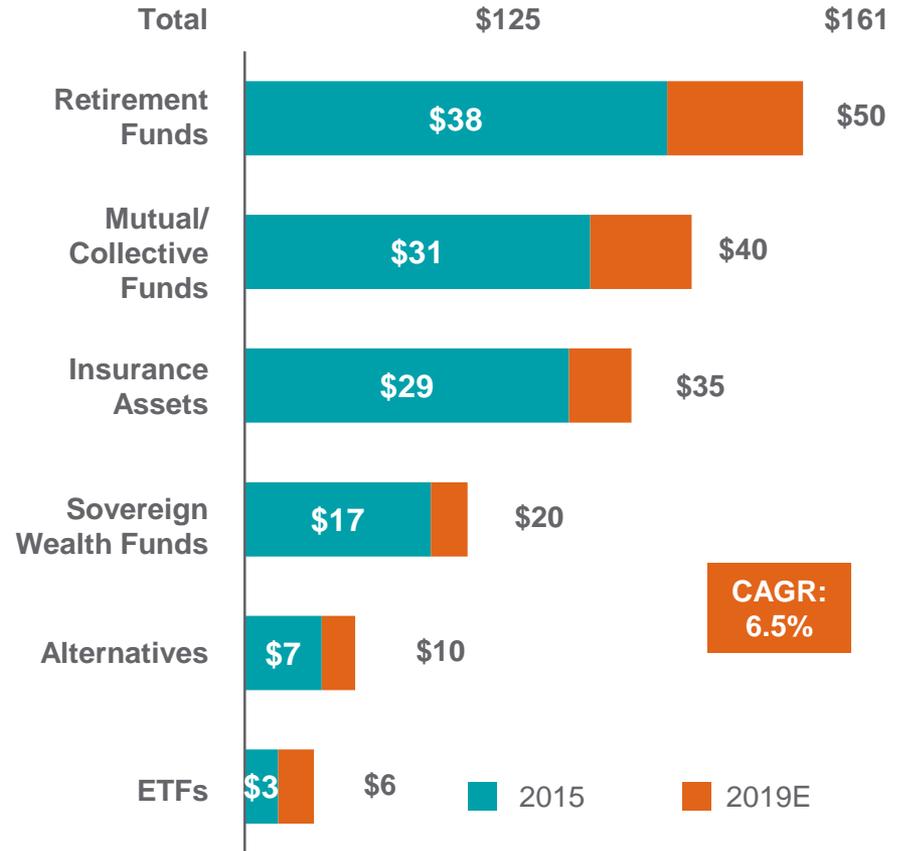
FOCUSED ON ATTRACTIVE MARKETS

The personal and institutional markets are large and growing.

North America Private Financial Wealth \$US Trillion



Global Institutional Assets \$US Trillion



Sources: BCG Global Wealth 2016, Cerulli Associates Global Markets 2016, The City UK, eVestment, PWC, ETFGI, Ernst & Young and internal estimates

POSITIONED FOR CONTINUED SUCCESS

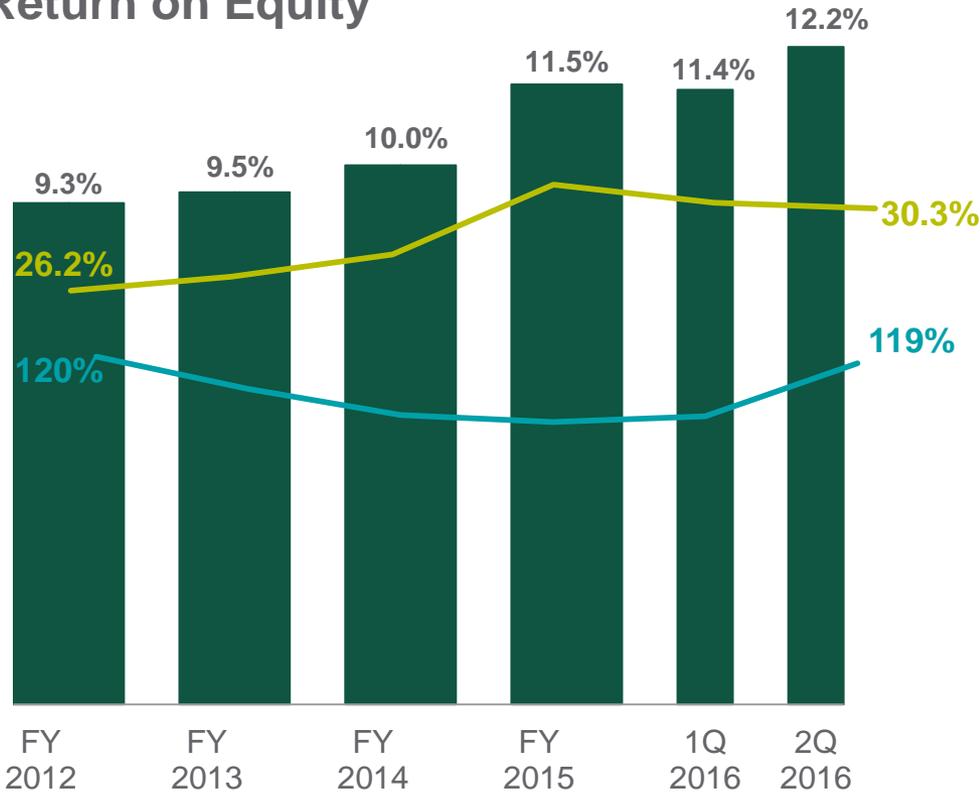
Favorable secular trends align well with Northern Trust's business model.

Secular Trends

- ✓ Global wealth creation and increasing complexity
- ✓ Globalization and cross-border investing
- ✓ Back and middle office outsourcing for investment managers
- ✓ Increased regulation facing clients
- ✓ Evolving investor preferences
 - Passive management
 - Engineered equity
 - Alternatives
- ✓ Accelerating demand for solutions-based technology

IMPROVING PROFITABILITY AND RETURNS

Return on Equity



ROE was 12.2% in 2Q 2016, or 11.7% on an adjusted basis,¹ both within our 10%–15% target range

Pre-tax margin was 30.3% in 2Q 2016, or 31.6% on an adjusted basis¹

Ratio of expenses to trust & investment fees was 119% in 2Q 2016, or 108% on an adjusted basis¹

— Pre-tax Margin²

— Noninterest Expense as a % of Trust & Investment Fees

¹ Adjusted 2Q16 results excludes \$14.0 million net pre-tax gain on non-recurring items as highlighted in our second quarter earnings release.

² 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 15.

A RECOGNIZED MARKET LEADER

WEALTH MANAGEMENT



**Best Private Bank for
Succession Planning**
— *Financial Times Group, 2015*



**One of the World's
Best Private Banks**
— *Global Finance, 2015*



**Best Asset Management Firm
Serving Family Offices
and Private Banks**
— *Family Wealth Report Award, 2015*

CORPORATE & INSTITUTIONAL SERVICES



**Best Global Custodian
for Asset Owners**
— *AsianInvestor, Asset Management
Awards, 2016*



**Fund Administrator
of the Year, Europe**
— *Global Investor/ISF 30th
Anniversary Awards, 2016*



Best Custody Specialist - Institutional
— *The Asset - Triple A Asset Servicing, Investor and Fund
Management Awards, 2016 (8th consecutive year)*

ASSET MANAGEMENT



**13th Largest Manager –
Worldwide Assets**
— *Pensions & Investments, 2015
Largest Money Managers Report*



Best Smart Beta Strategies
— *Asia Asset Management, 2015*



**Best New Fixed Income
Product – SKOR**
— *ETF.com, 2014*

TECHNOLOGY



**Ranked among Top 100
Companies for Excellence in
Information Technology**
— *CIO, 2016*



**Best Cloud Initiative-American
Financial
Technology Award**
— *Waters Magazine, 2015*

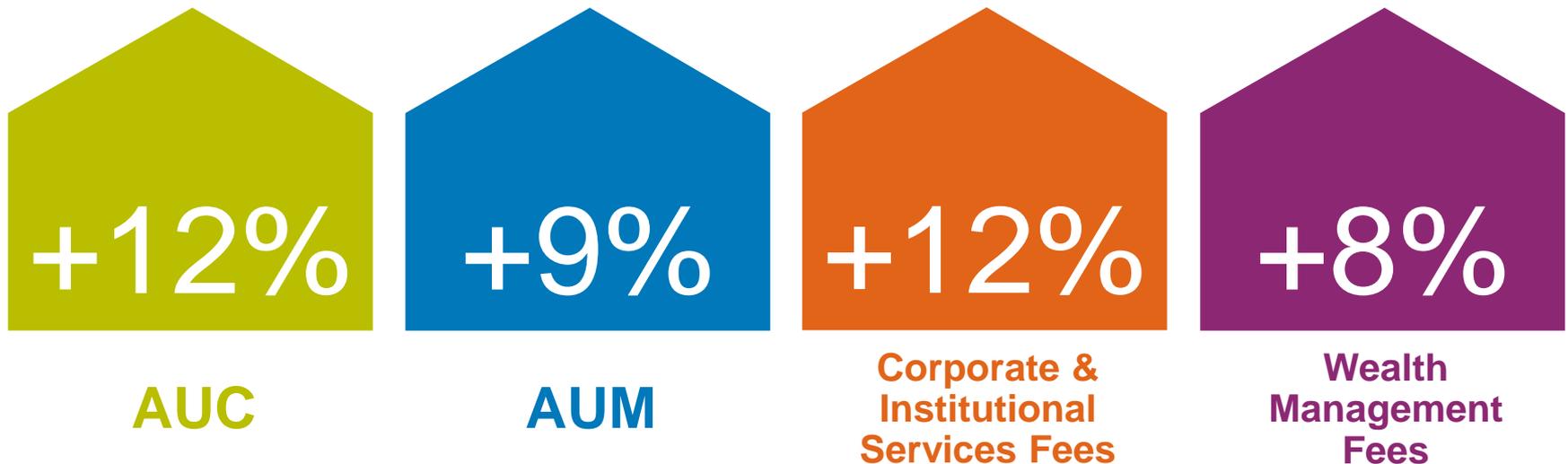


**Top Wealth Management
Mobile Application**
— *Brand New Media, 2015*

CONSISTENTLY STRONG AND FOCUSED

LONG-TERM SUCCESS THROUGH A FOCUSED STRATEGY

- Market Leader in **Focused Businesses**
- A History of **Organic Growth**
- Distinctive **Financial Strength**
- **Proven Record** of Managing for **Long-Term Growth and Profitability**



2011 – 1H2016 CAGRs

1H2016 fees are annualized



NORTHERN TRUST

Appendix



NORTHERN TRUST

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

The following table presents a reconciliation of pre-tax income, 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								
	June 30, 2016			March 31, 2016			June 30, 2015		
	Reported	FTE Adj.	FTE	Reported	FTE Adj.	FTE	Reported	FTE Adj.	FTE
Pre-tax Income	\$ 394.7	\$ 6.9	\$ 401.6	\$ 359.2	\$ 6.2	\$ 365.4	\$ 411.4	\$ 6.4	\$ 417.8
Total Revenue	\$ 1,316.7	\$ 6.9	\$ 1,323.6	\$ 1,190.0	\$ 6.2	\$ 1,196.2	\$ 1,255.9	\$ 6.4	\$ 1,262.3
Pre-tax Margin	<u>30.0%</u>		<u>30.3%</u>	<u>30.2%</u>		<u>30.6%</u>	<u>32.8%</u>		<u>33.1%</u>