

# 2015 Annual Meeting of Stockholders

April 21, 2015



**Frederick H. Waddell**  
Chairman &  
Chief Executive Officer



Northern Trust

125  
YEARS



# Forward Looking Statement

This presentation may include forward-looking statements concerning Northern Trust's financial results and outlook, capital adequacy, dividend policy, anticipated expense levels and technology spending, risk management policies, contingent liabilities, strategic initiatives, industry trends, and expectations regarding the impact of recent legislation. Forward-looking statements are typically identified by words or phrases such as "believe", "expect", "anticipate", "intend", "estimate", "project", "likely", "may increase", "plan", "goal", "target", "strategy", and similar expressions or future or conditional verbs such as "may", "will", "should", "would", and "could". Forward-looking statements are Northern Trust's current estimates or expectations of future events or future results, and involve risks and uncertainties that are difficult to predict. These statements are 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.





# 2014 Financial Performance

| (\$MM, Except EPS)                 | 2014         | 2014 vs. 2013 |
|------------------------------------|--------------|---------------|
| Trust, Inv. & Other Servicing Fees | \$2,833      | +9%           |
| Foreign Exchange Trading Income    | 210          | -14%          |
| Other Non-Interest Income          | 283          | -6%           |
| Net Interest Income                | 1,005        | +8%           |
| Total Revenues                     | \$4,331      | +6%           |
| Non-Interest Expenses              | 3,135        | +5%           |
| Provision for Credit Losses        | 6            | -70%          |
| Pre-Tax Income                     | \$1,190      | +11%          |
| Taxes                              | 378          | +10%          |
| <b>Net Income</b>                  | <b>\$812</b> | <b>+11%</b>   |
| Earnings per Share                 | \$3.32       | +11%          |
| Return on Common Equity            | 10.0%        |               |

- Solid fee growth driven by strong new business and improving markets
- Higher net interest income driven by growth in client deposits
- Achieved positive operating leverage
- Net income and earnings per share up 11% versus 2013
- Improved our return on common equity to 10.0% in 2014 from 9.5% in 2013



# First Quarter 2015 Financial Performance

| (\$MM, Except EPS)                 | 1Q15         | 1Q15<br>vs. 1Q14 |
|------------------------------------|--------------|------------------|
| Trust, Inv. & Other Servicing Fees | \$727        | +7%              |
| Foreign Exchange Trading Income    | 72           | +43%             |
| Other Non-Interest Income          | 75           | +15%             |
| Net Interest Income                | 261          | +6%              |
| Total Revenues                     | 1,135        | +9%              |
| Non-Interest Expenses              | 789          | +3%              |
| Provision for Credit Losses        | (4)          | NM               |
| Pre-Tax Income                     | 350          | +30%             |
| Taxes                              | 119          | +36%             |
| <b>Net Income</b>                  | <b>\$231</b> | <b>+27%</b>      |
| Earnings per Share                 | \$0.94       | +25%             |
| Return on Common Equity            | 11.3%        |                  |

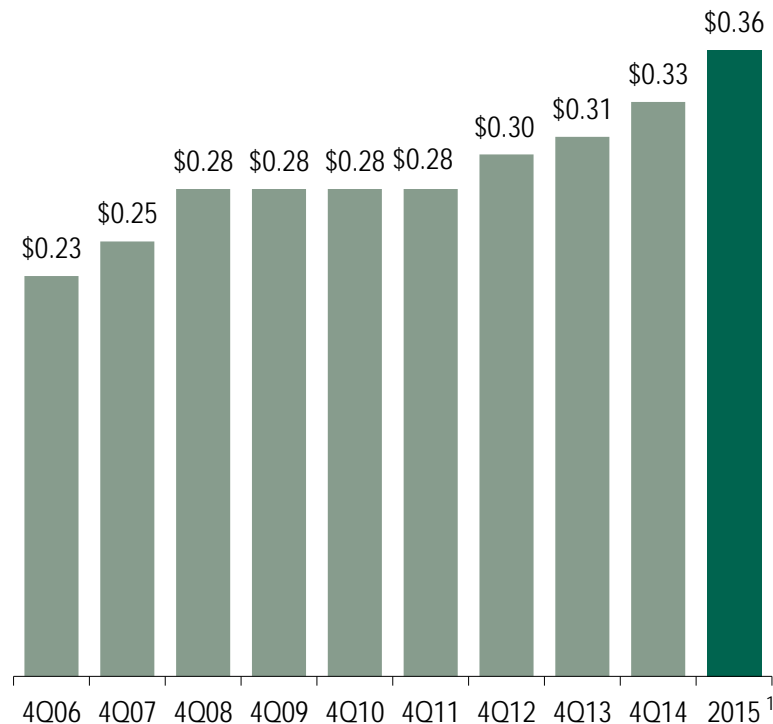
- Solid revenue growth continued into the first quarter
- Maintained expense discipline
- Net income and earnings per share were up 27% and 25%, respectively, versus the prior year
- Return on common equity of 11.3%



# Returning Capital to Shareholders

- Declared \$311.7 million in dividends and repurchased \$480.7 million of our common stock in 2014
- The Federal Reserve did not object to Northern Trust's 2015 capital plan, including:
  - ◆ a planned increase in our dividend to \$0.36 per share, and
  - ◆ the repurchase of up to \$675 million of common stock through June 2016

### Quarterly Dividend Paid per Common Share



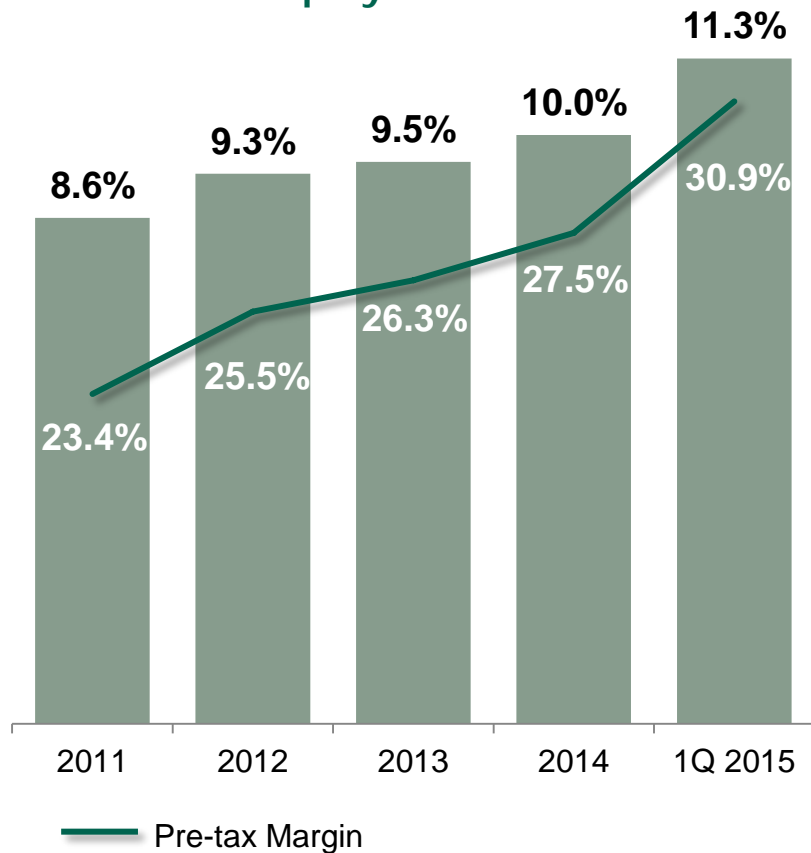
<sup>1</sup>2015 figure represents the planned dividend action included in Northern Trust's 2015 Capital Plan. The Board of Directors will consider formal approval of the increase at its regular April meeting.





# Improving Profitability & Returns

## Return on Equity



- Focus on enhancing productivity and efficiency has contributed to the continued improvement in the profitability and returns of the business over the last four years
- We achieved a return on equity of 10.0% in 2014, within our target range of 10% - 15%
- We are focused on achieving continued improvement through profitable growth



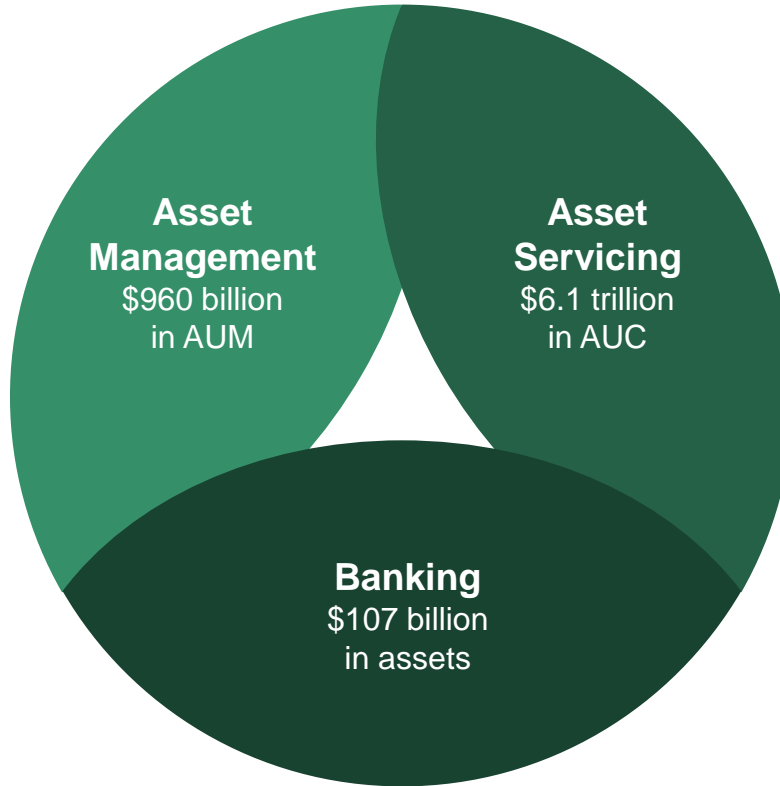


# A Highly Focused Business Model

**Wealth Management**

**Leading advisor to the affluent market**

- Individuals
- Families
- Family offices
- Foundations
- Endowments
- Privately held businesses



**Corporate & Institutional Services**

**Global provider of investment services for institutional investors**

- Pensions
- Sovereign entities
- Fund managers
- Foundations & endowments
- Insurance companies

**Integrated Global Operating Platform**

As of March 31, 2015



# A Recognized Market Leader



**One of the Nation's Top 10  
Wealth Managers**  
— *Barron's* 2014



**Best Private Bank in the U.S.**  
— *Financial Times Group*, 2014  
(6th Consecutive Year)



**Best Firm for Family Office and  
Philanthropy Services**  
— *Euromoney*, 2014



**Hedge Fund Administrator of the Year**  
— *Americas Awards, Custody Risk Magazine*, 2014



**Global Custodian of the Year**  
— *Central Banking Awards* 2014



**Best European ETF Administrator**  
— *ETF Express Global Awards* 2015



**13<sup>th</sup> Largest Manager of  
Worldwide Institutional Assets**  
**12<sup>th</sup> Largest Asset Manager Worldwide**  
— *Pensions & Investments* 2014



**Best Fixed Income Indexer  
Manager of the Year**  
— *Institutional Investor Magazine* (2014)



**Best Place to Work in Money Management**  
(2nd consecutive year)



**Best Banks in America**  
— *Forbes*, 2015



**World's Most Admired  
Companies**  
— *Fortune Magazine*, 2015  
(9<sup>th</sup> consecutive year)



**World's Most Ethical Companies**  
— *Ethisphere Institute*, 2015

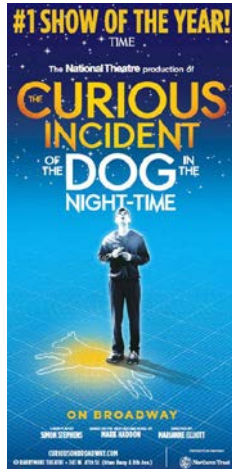






# Accelerating our Growth

## New York & Houston



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[met.org/116A3D9](http://met.org/116A3D9) #ElGreco400

Stepping away is easier with someone showing you the steps.



## Australia



Australian Government  
Commonwealth Superannuation Corporation



Australian Government  
Future Fund



## Engineered Equity



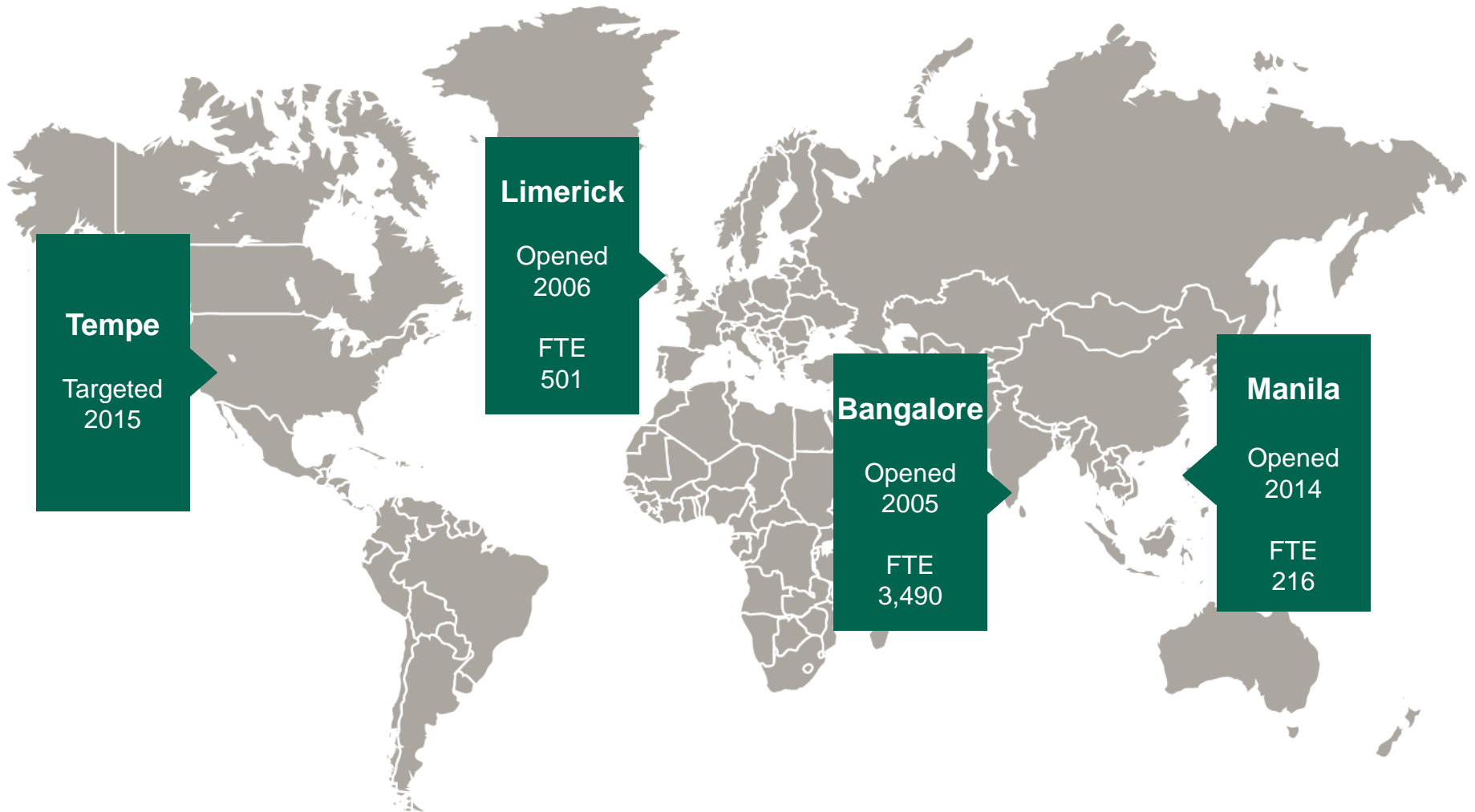
- Separate Accounts
- Commingled Funds





# Enabling Faster, More Profitable Growth

*Our portfolio of strategic investments includes initiatives such as further building out our global location strategy.*



As of March 31, 2015



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# 125<sup>TH</sup> ANNIVERSARY CELEBRATION

YEARS



# Headquarters





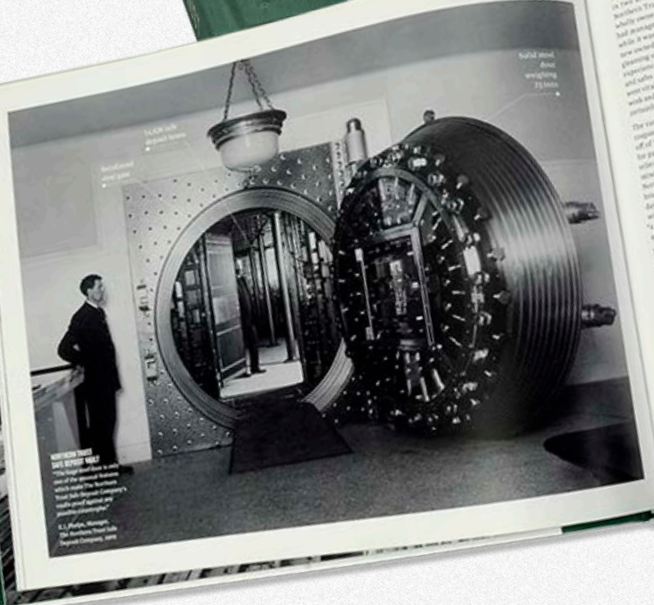
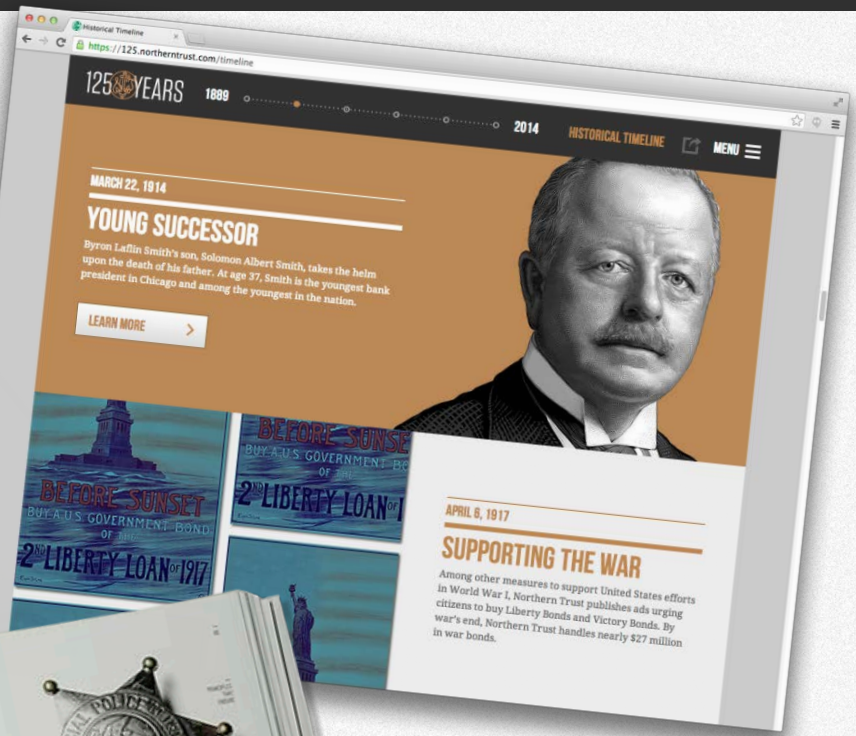
# Client Communications



The initial efforts of the earthquake were limited to the West Coast. But as the days passed, the Southern California portion of the destruction became clearer. Insured losses climbed to more than \$100 million. Insurers from around the country scrambled to cover themselves for the job, many immediately stopped writing new policies, one of the largest loss contingencies in the West—simply could not handle the number of claims, amounting to more than \$1 billion. The company went to court with Byram Smith, who was appointed receiver for the trust.

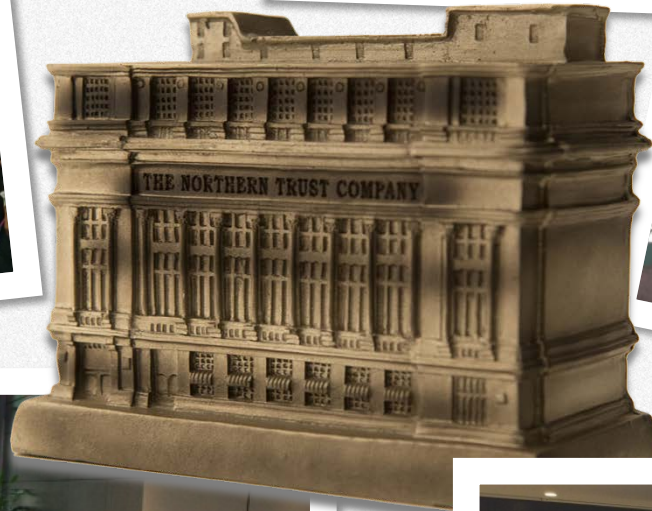
The failure of Trades' Insurance in May 1906 proved to be a short episode of time. The devastation of the quake resulted in the wide-scale evacuation of the nation's population throughout the West Coast. Between September 1906 and March 1907, the stock market lost more than seven percent. The stock market lost more than seven percent between March 1906 and April 1907. The market was up and down continuously through the year until October 1907, at which time an exceptional sharp decline occurred. The market lost more than 10 percent. The New York Stock Exchange plunged to its lowest point of its value in months earlier.

The Chicago Clearing House at the time of the panic, Byram Smith's bank, suffered the heaviest degree of loss than that of Wall Street. A vast fortune had finally been swept up in the Clearing House due to his heavy inspection of every Clearing House member bank by an independent auditor. When he first proposed the idea in 1901, his fellow members demanded "why bother?" when the first signs of economic crisis appeared after the San Francisco earthquake. The members thought better of their decision, Smith's member proposal easily won approval. Because the Clearing House was located in Northern Trust's new building, and because inspections were Smith's bank's auditor's job for the time, he knew the bank knew to be making Clearing House examinations. The idea here underwent clearing house examination. The idea spread and became a standard practice throughout the country.





# Partner Celebrations Around the World





# Communities

**\$1.25** million to charities  
**125,000** volunteer hours





# Media Highlights

MONEYBEAT

Watch Now



**CRAIN'S**  
CHICAGO BUSINESS.

Read Now

Northern Trust preps for another 125 years

View Now

Northern Trust celebrates 125 years in Chicago

NASDAQ OMX @NASDAQOMX · 8m

NASDAQ congratulates @NorthernTrust on their 125th anniversary #NT125 #dreamBIG \$NTRS pic.twitter.com/7FcAfJJKUC



**Forbes**

Helping Northern Trust Grow -- And Change

Read Now



T-Mobile B2B @TMobileB2B · 2h

Congrats @northerntrust on 125 yrs. of providing a great customer experience in a global world. #Ourpassiontoo #tbiz tinyurl.com/lna64rf



Becky Yerak @beckyyerak · 16h

Chicago's @Northerntrust opened its doors 125 years ago tomorrow. Its bank charter is good for 999 years. #nt125 pic.twitter.com/5n4WXzLeS0



Chicagoland Chamber @ChicagolandCmbr · 4h

Happy birthday to one of our original Charter Members from 1904 - @NorthernTrust - 125 years old today! #NT125



**Thank you, our shareholders.**



**Northern Trust**