

NORTHERN TRUST CORPORATION

BancAnalysts Association of Boston Conference 2016

S. Biff Bowman
Executive Vice President & Chief
Financial Officer

Langham Hotel
Boston
3 November 2016



NORTHERN TRUST

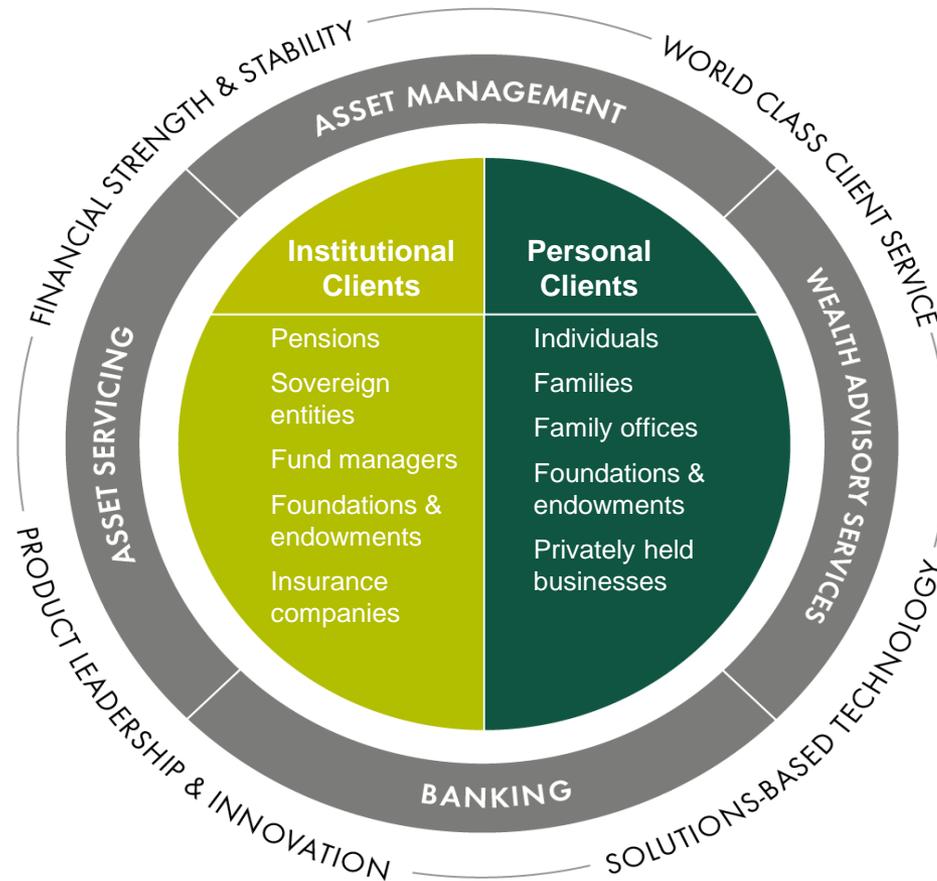
FORWARD-LOOKING STATEMENTS

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

\$946 billion

Assets Under Management

Asset Servicing

\$8.5 trillion

Assets Under Custody/Administration

Banking

\$116 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

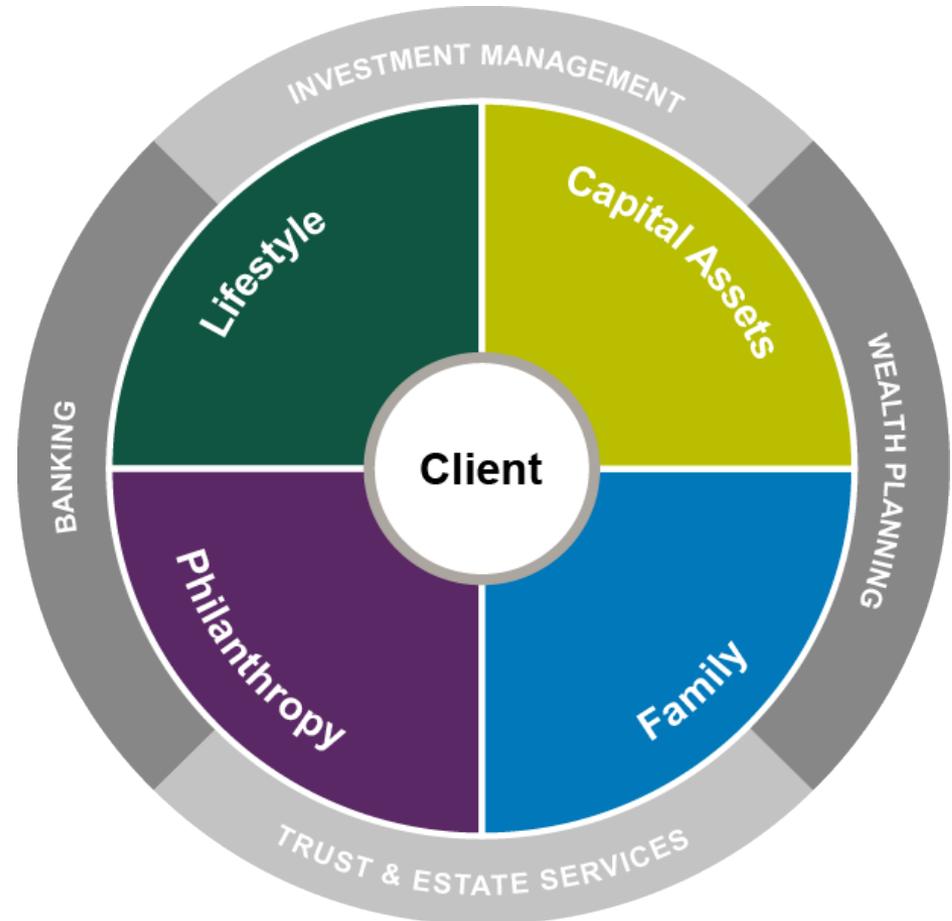
- Financial planning
- Family education and governance
- Tax and wealth transfer strategies
- Philanthropy
- Business owner services

Trust & Estate Services

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

Banking

- Private banking
- Business banking



CORPORATE & INSTITUTIONAL SERVICES

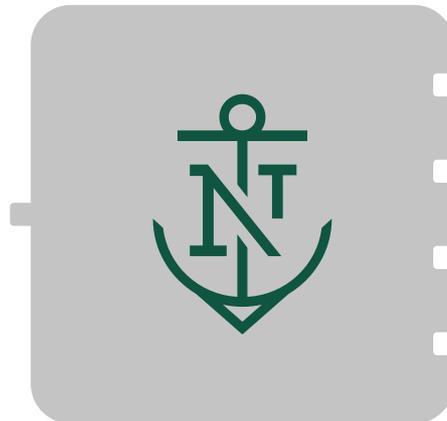
Delivering asset servicing and asset management solutions to institutional clients globally.

CLIENT EMPHASIS

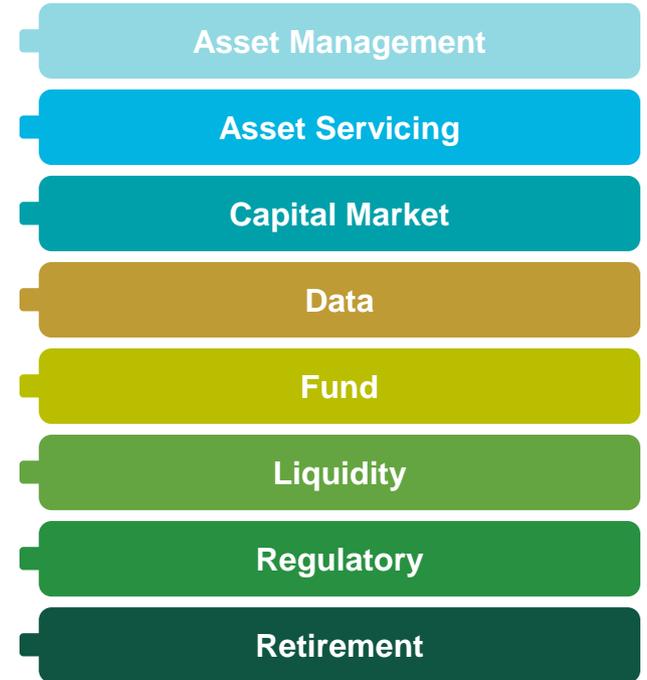


GLOBAL DISTRIBUTION

CUSTOMIZED OFFERING



SOLUTION SET

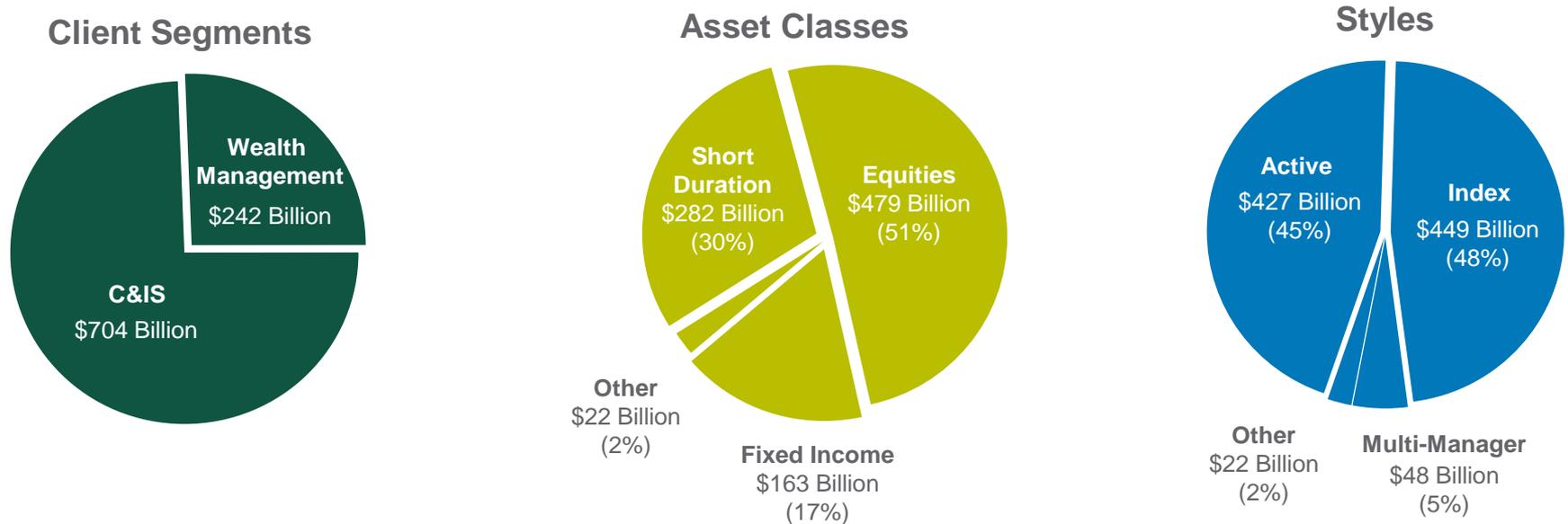


TECHNOLOGY AND EXPERTISE

ASSET MANAGEMENT

Client-focused, diversified asset management solutions.

Total assets under management of \$946 billion across client segments, asset classes and investment styles.



As of September 30, 2016

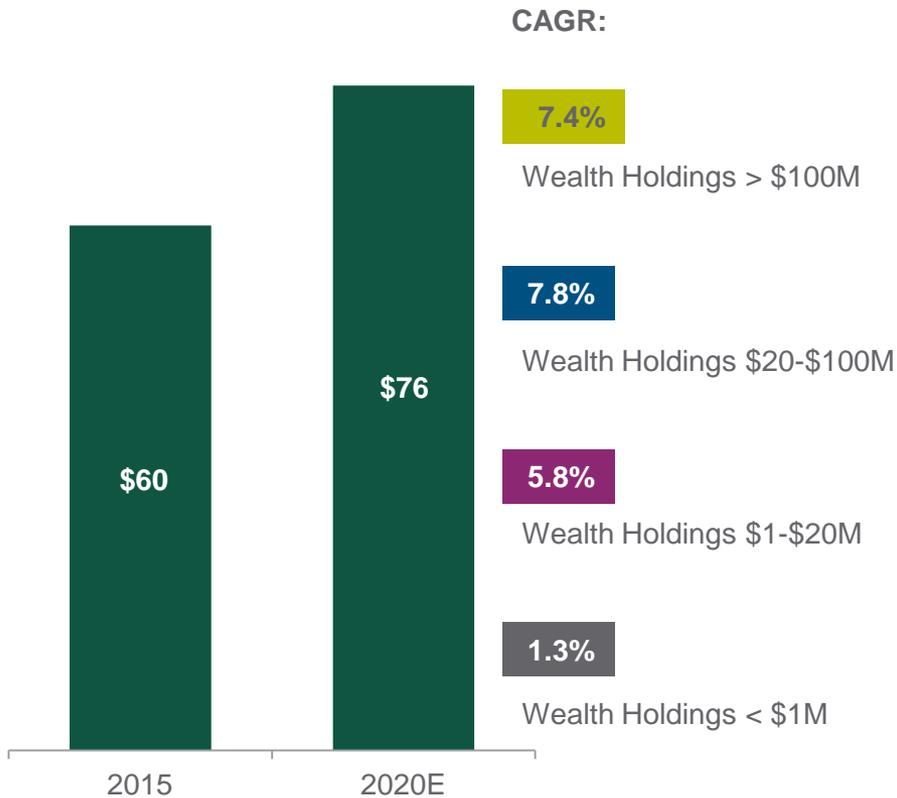
TRANSFORMING TECHNOLOGY TO ENABLE BUSINESS GROWTH



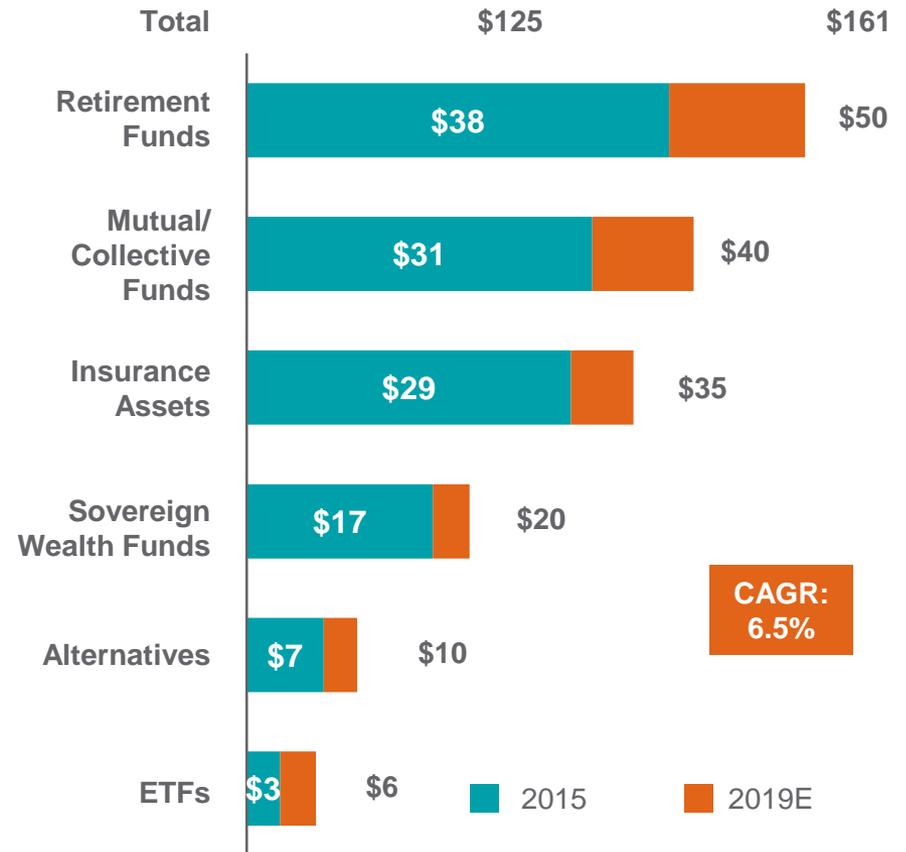
FOCUSED ON ATTRACTIVE MARKETS

The personal and institutional markets are large and growing.

North America Private Financial Wealth \$US Trillion



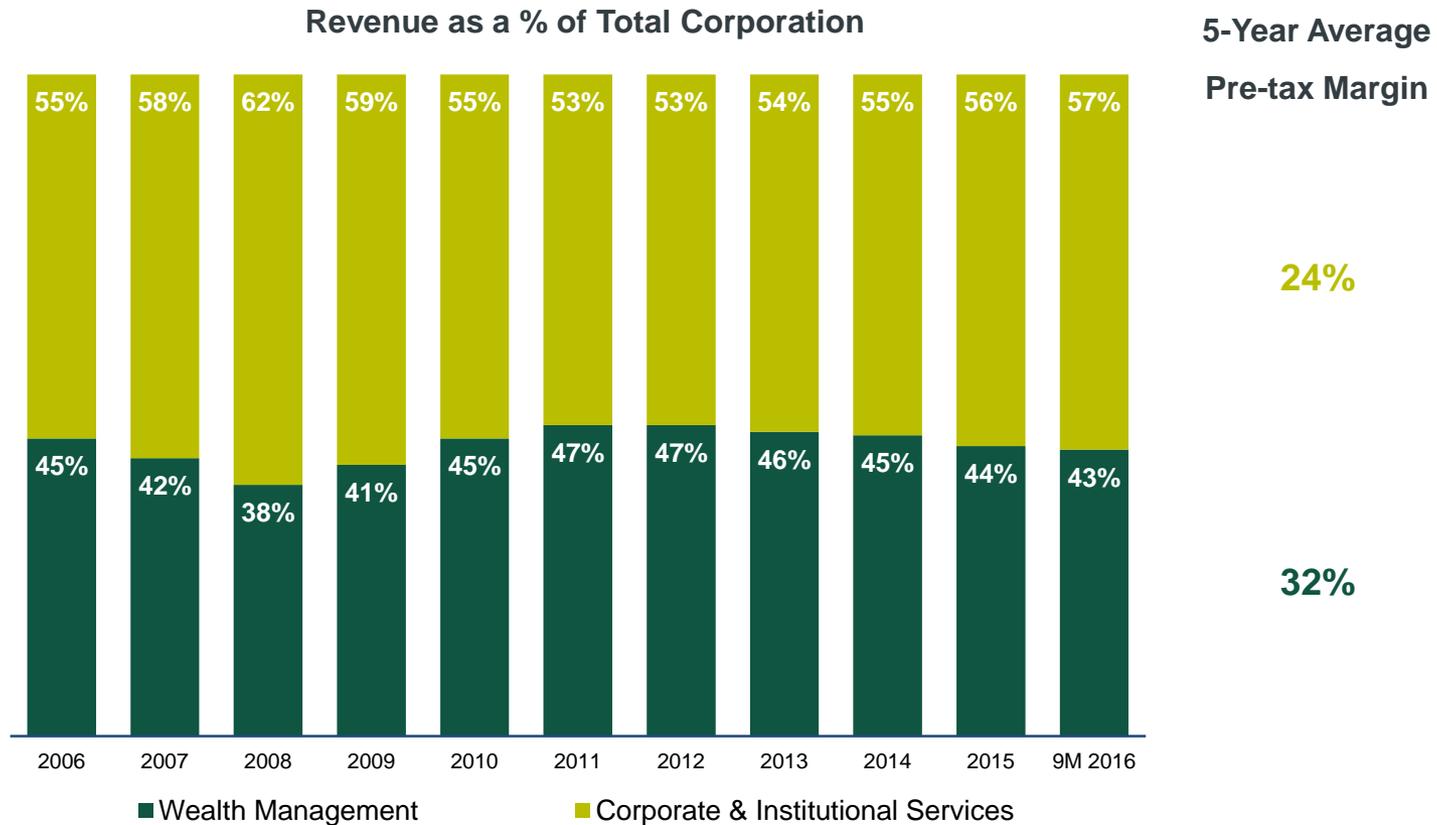
Global Institutional Assets \$US Trillion



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

BALANCED BETWEEN PERSONAL & INSTITUTIONAL CLIENTS

Our business is balanced between our personal and institutional client segments, which have similarly attractive profitability over time.



Note: Revenue contribution excludes "Treasury & Other" segment results.

PRODUCING STRONG RESULTS

**Wealth
Management**



2011 – 9M2016 CAGRs
(9M2016 fees are annualized)

**Assets Under
Custody**

**Corporate &
Institutional Services**



**Assets Under
Management**

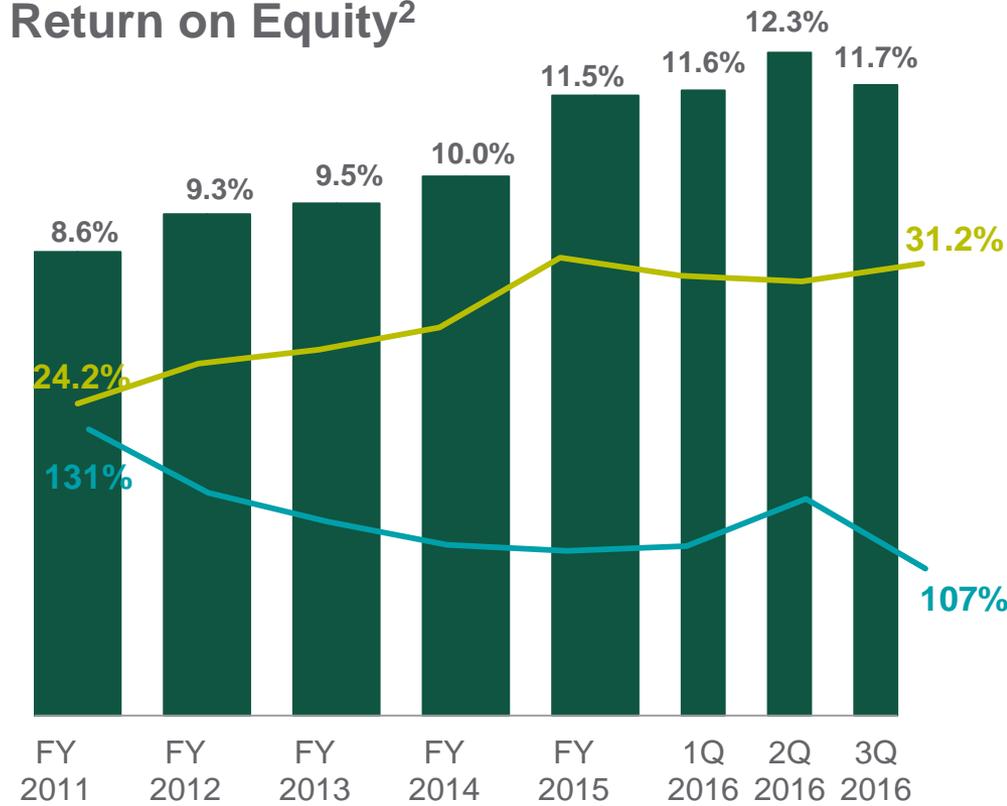


**Trust, Investment and
Other Servicing Fees**



IMPROVING PROFITABILITY AND RETURNS

Return on Equity²



ROE was 11.7% in 3Q 2016, within our 10%–15% target range

Pre-tax margin was 31.2% in 3Q 2016

Ratio of expenses to trust & investment fees was 107% in 3Q 2016

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

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 15.

² Q1 and Q2 2016 results have been adjusted to reflect the early adoption of ASU 2016-09, "Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting. See Adoption of the New Accounting Standard Related to Share-Based Compensation section within the 3Q 2016 Earnings Release for additional details related to the adjustment.

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**



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Appendix



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RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

The following tables present 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.

Three Months Ended									
(\$ In Millions)	September 30, 2016			June 30, 2016			March 31, 2016		
	Reported	FTE Adj.	FTE	Reported	FTE Adj.	FTE	Reported	FTE Adj.	FTE
Pre-tax Income	\$ 373.7	\$ 7.0	\$ 380.7	\$ 394.7	\$ 6.9	\$ 401.6	\$ 359.2	\$ 6.2	\$ 365.4
Total Revenue	\$ 1,213.7	\$ 7.0	\$ 1,220.7	\$ 1,316.7	\$ 6.9	\$ 1,323.6	\$ 1,190.0	\$ 6.2	\$ 1,196.2
Pre-tax Margin	30.8 %		31.2 %	30.0 %		30.3 %	30.2 %		30.6 %

Twelve Months Ended									
(\$ In Millions)	December 31, 2015			December 31, 2014			December 31, 2013		
	Reported	FTE Adj.	FTE	Reported	FTE Adj.	FTE	Reported	FTE Adj.	FTE
Pre-tax Income	\$ 1,465.0	\$ 25.3	\$ 1,490.3	\$ 1,190.2	\$ 29.4	\$ 1,219.6	\$ 1,075.5	\$ 32.5	\$ 1,108.0
Total Revenue	\$ 4,702.6	\$ 25.3	\$ 4,727.9	\$ 4,331.2	\$ 29.4	\$ 4,360.6	\$ 4,089.3	\$ 32.5	\$ 4,121.8
Pre-tax Margin	31.2 %		31.5 %	27.5 %		28.0 %	26.3 %		26.9 %

Twelve Months Ended						
(\$ In Millions)	December 31, 2012			December 31, 2011		
	Reported	FTE Adj.	FTE	Reported	FTE Adj.	FTE
Pre-tax Income	\$ 992.3	\$ 40.8	\$ 1,033.1	\$ 883.7	\$ 40.2	\$ 923.9
Total Revenue	\$ 3,896.1	\$ 40.8	\$ 3,936.9	\$ 3,769.9	\$ 40.2	\$ 3,810.1
Pre-tax Margin	25.5 %		26.2 %	23.4 %		24.2 %