



NORTHERN TRUST CORPORATION

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# First Quarter 2024 Quarterly Earnings Review

# THE NORTHERN TRUST DIFFERENCE

- | 130+ years of strength, stability & stewardship
- | Disciplined, client-centric strategy
- | Product leadership & innovation
- | Highest standards of client service
- | Solutions-focused technology & integrated operating platform

# FINANCIAL HIGHLIGHTS

# Financial Highlights & Key Metrics

RESULTS INCLUDE IMPACT OF NOTABLE ITEMS \$ in millions (except EPS and as noted)	% CHANGE VS.		
	1Q 2024	4Q 2023	1Q 2023
Revenue (FTE <sup>1</sup> )	\$ 1,654.1	6 %	(6)%
Noninterest Expense	\$ 1,364.7	(2)%	6 %
Provision for (Release of) Credit Losses	(8.5)	N/M	N/M
<b>Net Income</b>	<b>\$ 214.7</b>	<b>90 %</b>	<b>(36)%</b>
<b>Diluted Earnings per Share</b>	<b>\$ 0.96</b>	<b>85 %</b>	<b>(37)%</b>
<b>Return on Average Common Equity<sup>2</sup></b>	<b>7.3 %</b>	<b>4.0 %</b>	<b>12.4 %</b>
Profit Margin (Pre-tax) <sup>1,2</sup>	18.0 %	10.5 %	26.0 %
Expense to Trust Fee Ratio <sup>2</sup>	119 %	127 %	121 %
Assets under Custody / Administration <sup>3</sup> (AUC/A) <i>(in billions)</i>	\$ 16,472.5	7 %	16 %
Assets under Custody <sup>3</sup> (AUC) <i>(in billions)</i>	\$ 12,804.1	7 %	16 %
Assets under Management <sup>3</sup> (AUM) <i>(in billions)</i>	\$ 1,500.7	5 %	13 %

<sup>1</sup> Revenue and profit margin (pre-tax) stated on a fully taxable equivalent (FTE) basis are non-GAAP financial measures. A reconciliation to reported revenue and reported profit margin (pre-tax) prepared in accordance with U.S. generally accepted accounting principles (GAAP) is included in the Appendix on page 11.

<sup>2</sup> Actual numbers for all periods, not % change.

<sup>3</sup> Client assets for the current quarter are considered preliminary until the Form 10-Q is filed with the Securities and Exchange Commission.

N/M - Not meaningful

## Notable Items:

### 1Q24 Pre-tax

- \$189.4 million investment security loss
- \$12.5 million Federal Deposit Insurance Corporation (FDIC) special assessment

### 4Q23 Pre-tax

- \$176.4 million investment security loss
- \$84.6 million Federal Deposit Insurance Corporation (FDIC) special assessment

### 1Q23 Pre-tax

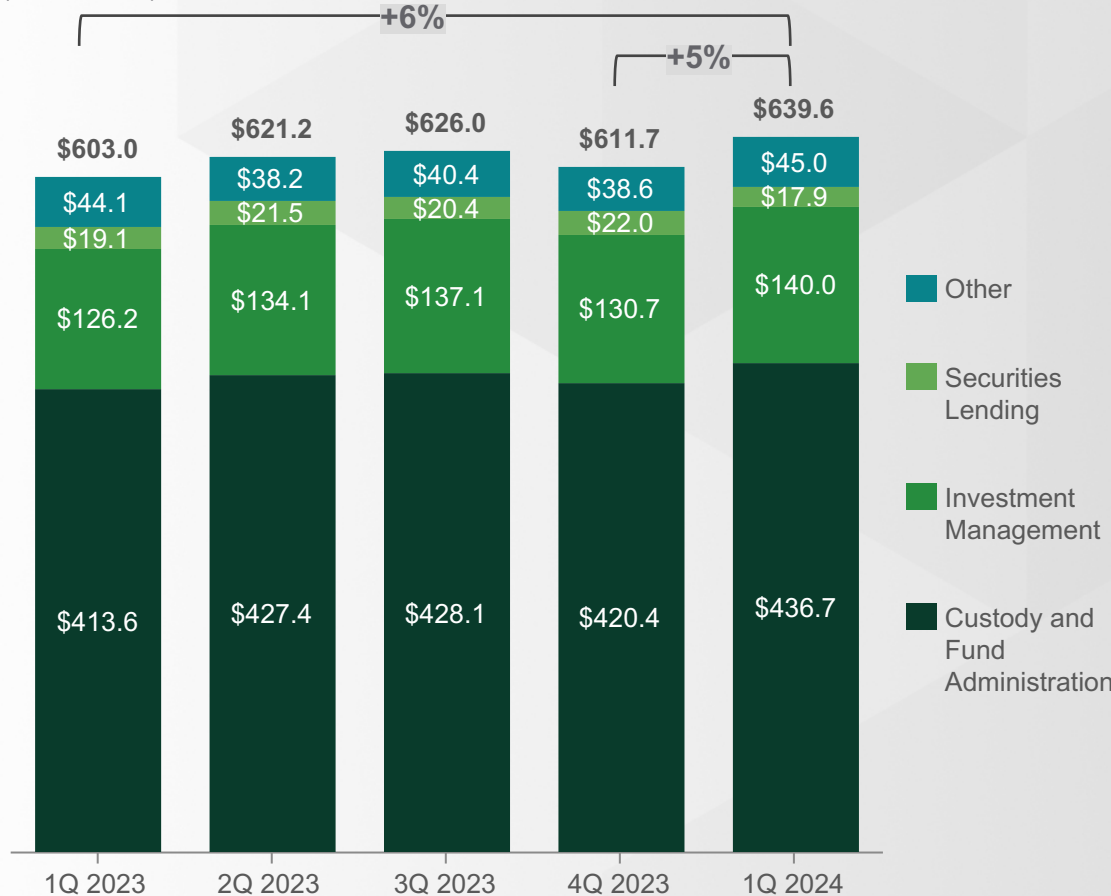
- \$6.9 million investment security gain
- \$9.8 million occupancy charge



# Asset Servicing Highlights

## Asset Servicing Revenues

(\$ in millions)



Categories may not sum due to rounding.

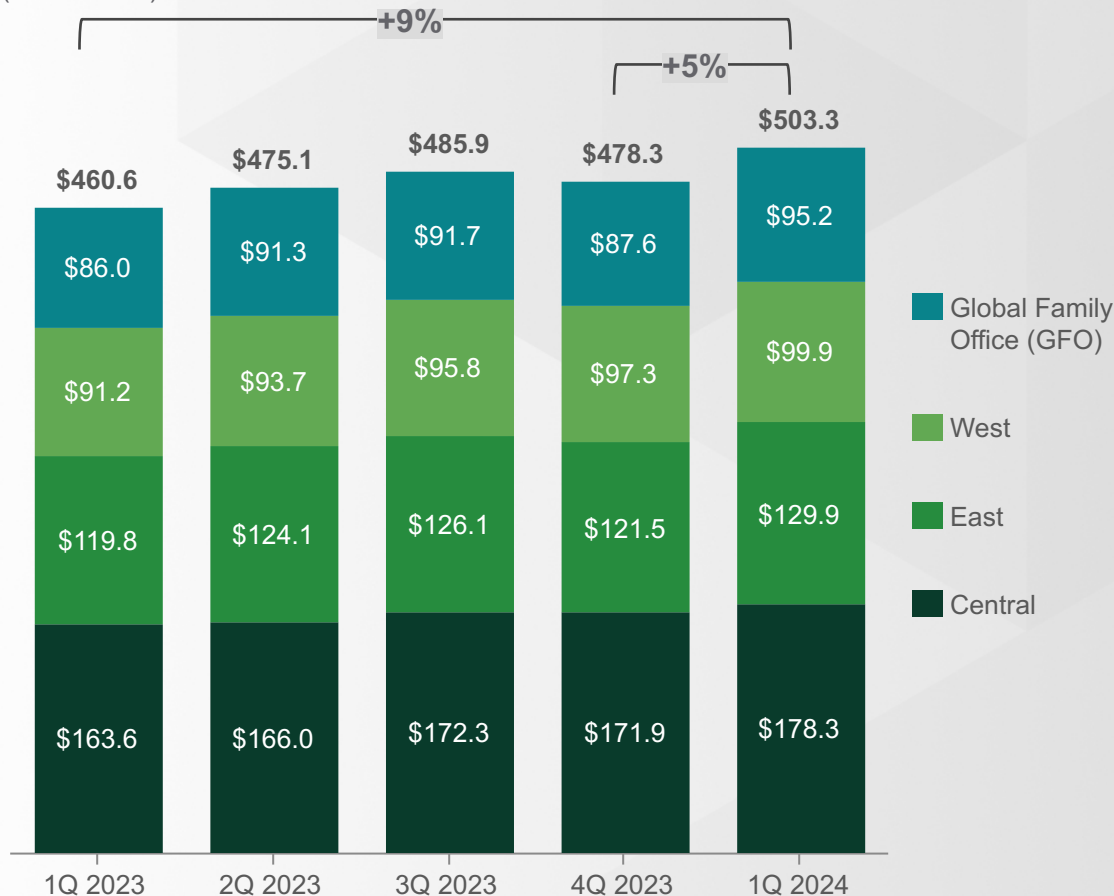
<sup>1</sup> Client assets for the current quarter are considered preliminary until the Form 10-Q is filed with the Securities and Exchange Commission.

Asset Servicing Client Assets <sup>1</sup> (in billions):	% CHANGE VS.		
	1Q 2024	4Q 2023	1Q 2023
Assets under Custody / Administration (AUC/A)	\$ 15,385.4	7 %	16 %
Assets under Custody (AUC)	\$ 11,723.1	8 %	16 %
Assets under Management (AUM)	\$ 1,080.1	5 %	12 %
Securities Lending Collateral	\$ 163.2	(3)%	(3)%

# Wealth Management Highlights

## Wealth Management Revenues

(\$ in millions)



### Wealth Management Client Assets<sup>1</sup> (in billions):

	1Q 2024	4Q 2023	1Q 2023
Assets under Custody / Administration (AUC/A)	\$ 1,087.1	4 %	14 %
Assets under Custody (AUC)	\$ 1,081.0	4 %	14 %
Assets under Management (AUM)	\$ 420.6	5 %	14 %

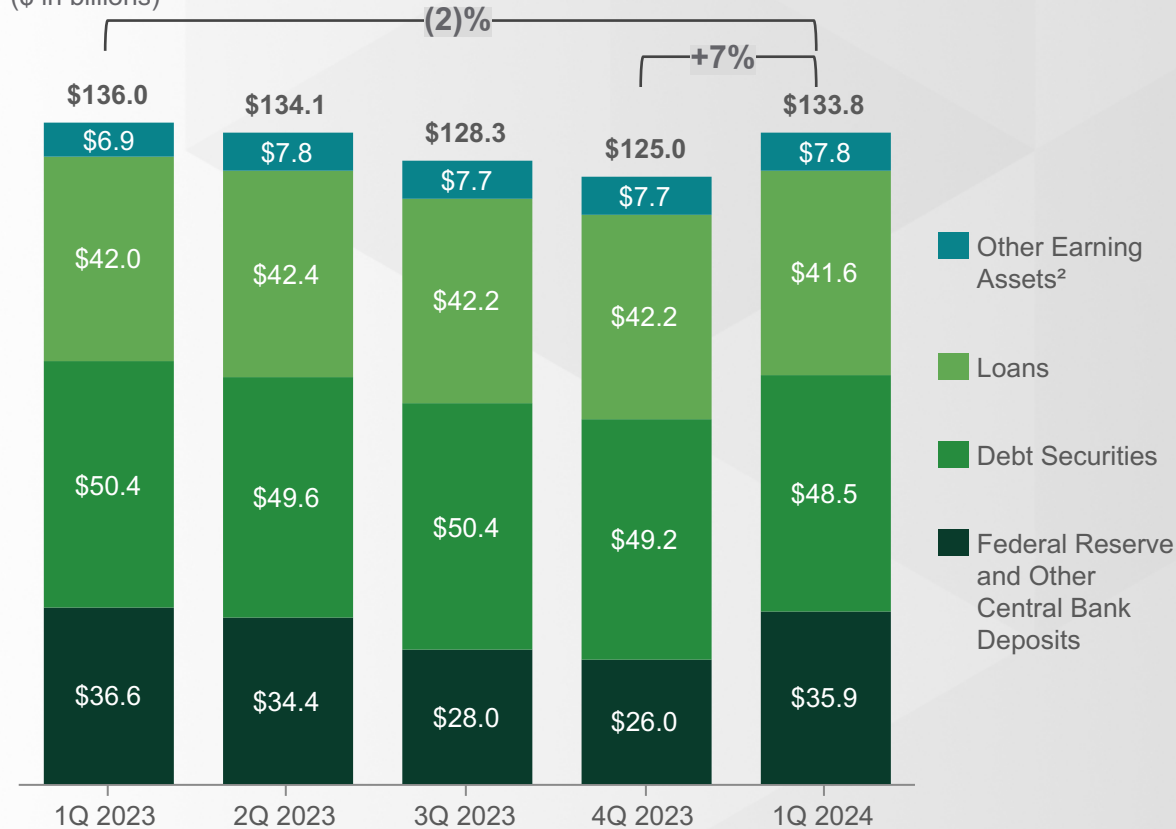
Categories may not sum due to rounding.

<sup>1</sup> Client assets for the current quarter are considered preliminary until the Form 10-Q is filed with the Securities and Exchange Commission.

# Net Interest Income and Balance Sheet Trends

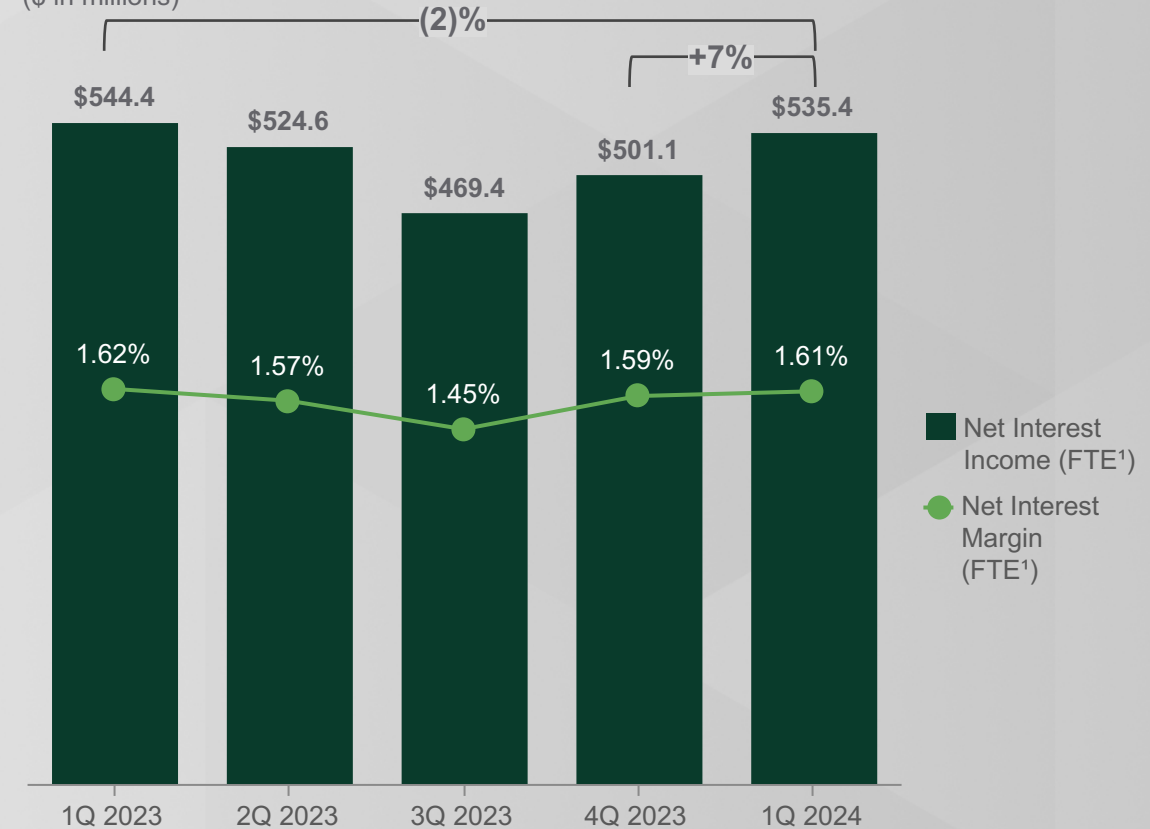
## Average Earning Assets

(\$ in billions)



## Net Interest Income (FTE<sup>1</sup>)

(\$ in millions)



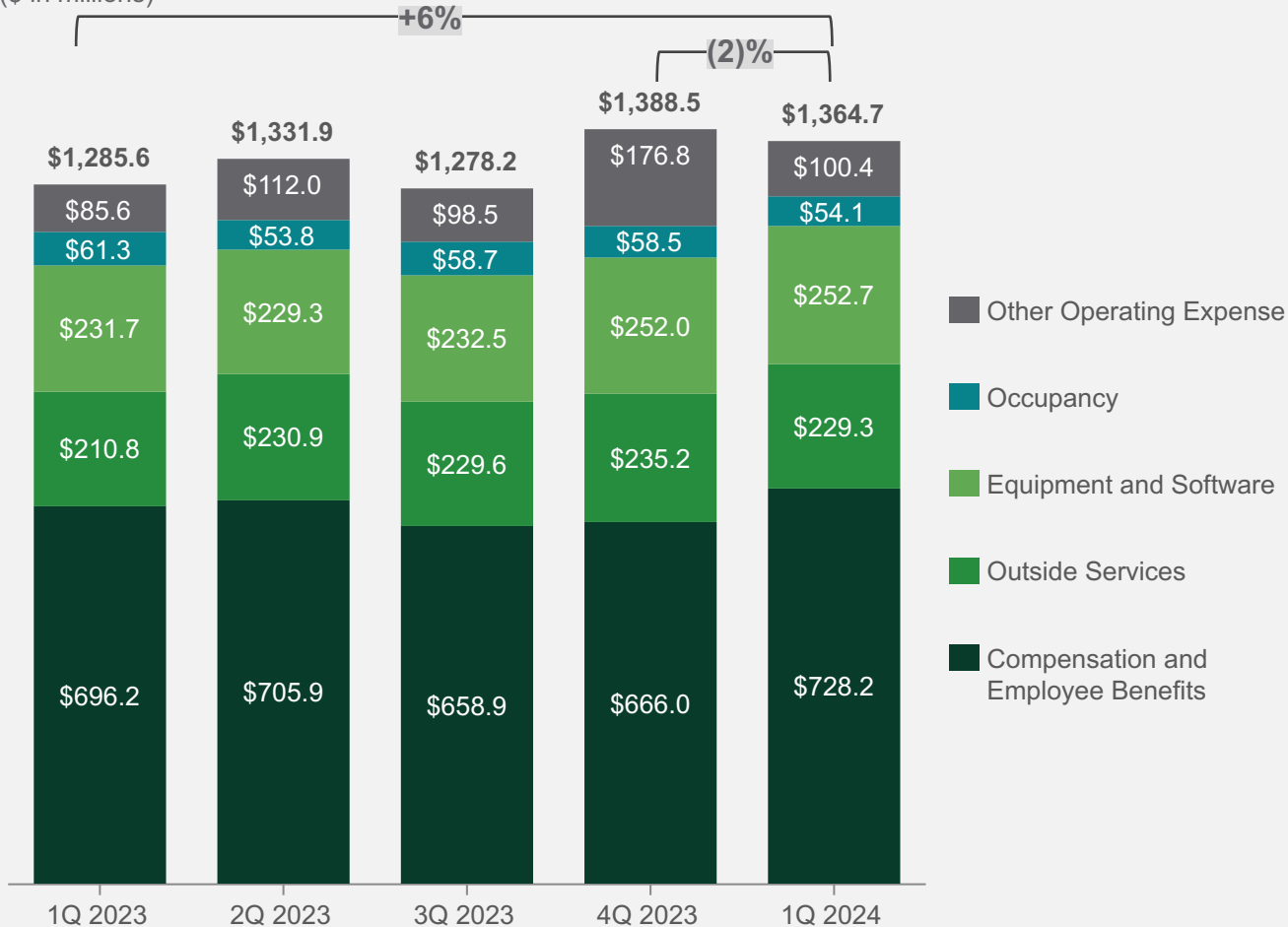
<sup>1</sup> Net interest income and net interest margin stated on an FTE basis are non-GAAP financial measures. A reconciliation of these measures to reported results prepared in accordance with U.S. GAAP is included in the Appendix on page 11.

<sup>2</sup> Other Earning Assets includes Interest-Bearing Due from and Deposits with Banks, Federal Funds Sold, Securities Purchased under Agreements to Resell, and Other Interest-Earning Assets.

# Noninterest Expense

## Total Noninterest Expense

(\$ in millions)



Categories may not sum due to rounding.

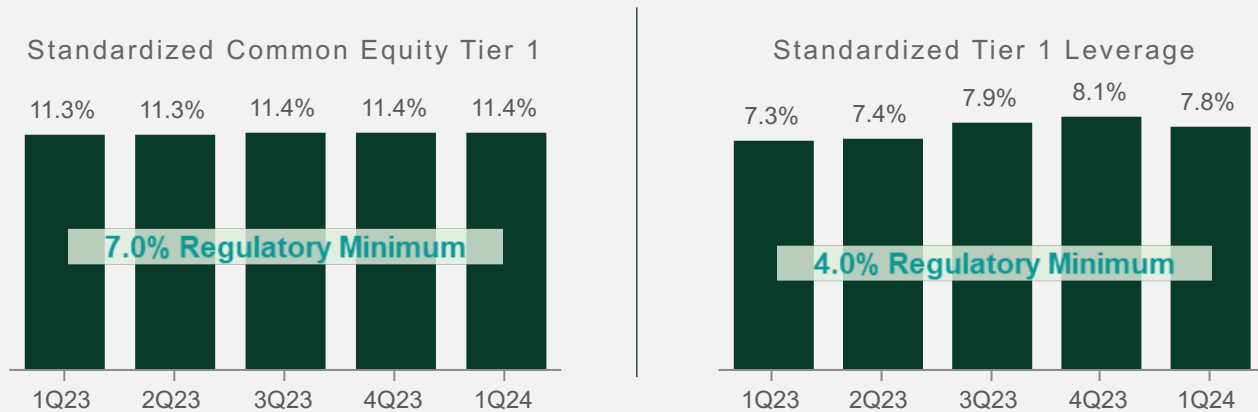
## Expense Highlights

- Expenses included the following:
  - FDIC Special Assessment in Other Operating Expense of \$12.5 million in 1Q24 and \$84.6 million in 4Q23*
  - Equipment and Software credit of \$4.1 million in 3Q23*
  - Occupancy charge of \$3.0 million in 3Q23 and \$9.8 million in 1Q23*
  - Severance-related charge of \$38.7 million in 2Q23 (\$36.7 million in Compensation expense and \$2.0 million in Outside Services expense)*
  - Write-off of an investment in a client capability in Other Operating Expense of \$25.6 million in 2Q23*



# Capital Update

## Northern Trust Corporation Capital Ratios



1Q 2024 CAPITAL RATIOS	STANDARDIZED APPROACH	ADVANCED APPROACH
Common Equity Tier 1 Capital	11.4%	13.5%
Tier 1 Capital	12.4%	14.6%
Total Capital	14.2%	16.5%
Tier 1 Leverage	7.8%	7.8%
Supplementary Leverage	N/A	8.8%

Capital ratios for the current quarter are considered preliminary until the Form 10-Q is filed with the Securities and Exchange Commission.

## Capital Highlights

- Robust capital and liquidity
  - \$10.4 billion in Tier 1 capital
  - 58% of deposits covered by highly liquid assets including 32% by cash and central bank deposits
- Declared \$153.4 million in common stock dividends and \$16.2 million in preferred stock dividends in 1Q24
- Repurchased \$132.0 million of common stock in 1Q24
- Unrealized MTM loss on available-for-sale securities of \$710.5 million as of March 31, 2024
- Completed sale of \$2.2 billion of available-for-sale securities in January 2024

# Appendix

# Reconciliation of Non-GAAP Financial Measures

The following table presents a reconciliation of interest income, net interest income, net interest margin, total revenue, pre-tax income, and profit margin (pre-tax) 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. The adjustment to an FTE basis has no impact on net income.

(\$ in Millions)	QUARTERS				
	2024	2023			
	FIRST	FOURTH	THIRD	SECOND	FIRST
<b>Net Interest Income</b>					
Interest Income - GAAP	\$ 2,445.6	\$ 2,199.6	\$ 1,935.0	\$ 1,735.0	\$ 1,455.4
Add: FTE Adjustment	7.3	18.0	13.2	13.1	13.2
Interest Income (FTE) - Non-GAAP	\$ 2,452.9	\$ 2,217.6	\$ 1,948.2	\$ 1,748.1	\$ 1,468.6
<b>Net Interest Income - GAAP</b>	<b>\$ 528.1</b>	<b>\$ 483.1</b>	<b>\$ 456.2</b>	<b>\$ 511.5</b>	<b>\$ 531.2</b>
Add: FTE Adjustment	7.3	18.0	13.2	13.1	13.2
Net Interest Income (FTE) - Non-GAAP	\$ 535.4	\$ 501.1	\$ 469.4	\$ 524.6	\$ 544.4
<b>Net Interest Margin - GAAP</b>	<b>1.59 %</b>	<b>1.53 %</b>	<b>1.41 %</b>	<b>1.53 %</b>	<b>1.58 %</b>
Net Interest Margin (FTE) - Non-GAAP	1.61 %	1.59 %	1.45 %	1.57 %	1.62 %
<b>Total Revenue</b>					
Total Revenue - GAAP	\$ 1,646.8	\$ 1,545.3	\$ 1,726.5	\$ 1,757.1	\$ 1,744.6
Add: FTE Adjustment	7.3	18.0	13.2	13.1	13.2
Total Revenue (FTE) - Non-GAAP	\$ 1,654.1	\$ 1,563.3	\$ 1,739.7	\$ 1,770.2	\$ 1,757.8
<b>Pre-Tax Income</b>					
Pre-Tax Income - GAAP	\$ 290.6	\$ 145.8	\$ 434.3	\$ 440.7	\$ 444.0
Add: FTE Adjustment	7.3	18.0	13.2	13.1	13.2
Pre-Tax Income (FTE) - Non-GAAP	\$ 297.9	\$ 163.8	\$ 447.5	\$ 453.8	\$ 457.2
<b>Profit Margin (Pre-Tax)</b>					
Profit Margin (Pre-Tax) - GAAP	17.6 %	9.4 %	25.2 %	25.1 %	25.4 %
Profit Margin (Pre-Tax) (FTE) - Non-GAAP	18.0 %	10.5 %	25.7 %	25.6 %	26.0 %

# 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 and share repurchase program, accounting estimates and assumptions, credit quality including allowance levels, future pension plan contributions, effective tax rate, anticipated expense levels, contingent liabilities, acquisitions, strategies, market and industry trends, and expectations regarding the impact of accounting pronouncements and 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 2024 earnings press release.





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