

NORTHERN TRUST CORPORATION

# Barclays Global Financial Services Conference

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**New York Hilton Midtown**  
New York  
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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 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, industry trends, and expectations regarding the impact of recent 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.

# LEADERSHIP IN ASSET SERVICING

## A BUSINESS OF SCALE AND SUBSTANCE

**\$10.1T**

AUC/A

**2300+**

CLIENTS

**56**

CLIENT COUNTRIES

**26**

LOCATIONS

**103**

MARKETS

## SUCCESSFUL IN THE MARKETS IN WHICH WE CHOOSE TO COMPETE

**31%**

OF TOP 200  
WORLDWIDE ASSET  
MANAGERS

**80%**

OF TOP 10  
SOVEREIGN  
WEALTH FUNDS

**65%**

OF TOP 100  
U.S. CORPORATE  
PENSION PLANS

**75%**

OF UK PUBLIC  
FUND PENSION  
'ASSET POOLS'

**34%**

OF TOP 50 DUTCH  
PENSION FUND  
ASSETS

**22%**

OF TOP 50  
NORDIC  
PENSION FUNDS



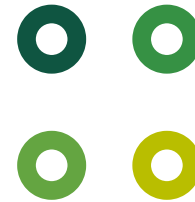
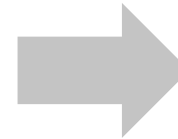
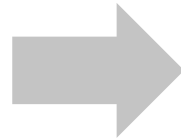
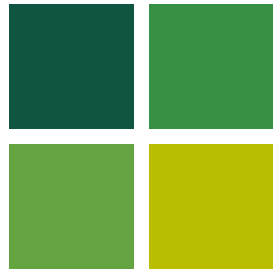
**NORTHERN  
TRUST**

**A service-oriented organization  
delivering both 'commodity'  
and sophisticated products  
to complex institutional investors**

NOTE: As of June 30, 2018. Sources of market data include Pensions & Investments (Asset Managers); Sovereign Wealth Fund Institute; Pensions & Investments (US Corporate); and Investments & Pensions Europe.

# A FORWARD-LOOKING GROWTH STRATEGY

*Focusing on the growing front, middle and back office needs of asset aggregators and asset owners*



**Industry trends and market evolution**

**Dynamic business strategies**

**New sources of revenue**

## INDUSTRY AWARDS AND RECOGNITION



Global Private Equity Fund Administrator of the Year

**GLOBAL INVESTOR/ISF**

2018



Securities Lender of the Year

**CENTRAL BANKING AWARDS**

2018



Best Global Custodian

**GLOBAL FINANCE MAGAZINE**

2017



European Administrator, Innovator and Thought Leadership of the Year

**FUNDS EUROPE AWARDS**

2017



Best Global Custodian, North America

**GLOBAL FINANCE MAGAZINE**

2017



Best Global Custodian for Asset Owners

**ASIAN INVESTOR ASSET MANAGEMENT AWARDS**

2017

# CAPITALIZING ON GROWTH OPPORTUNITIES

Four big strategic drivers continue to reshape the market, **creating demand for new services**



**Money in  
Motion**

**FOLLOWING  
THE MONEY**



**Optimizing  
Performance**

**DRIVING  
OPERATIONAL ALPHA**



**Technology  
Advances**

**LEADING WITH  
INNOVATION**



**Regulatory  
Change**

**CAPITALIZING ON  
OPPORTUNITY**

# FOLLOWING THE MONEY

Four big strategic drivers continue to reshape the market, **creating demand for new services**



## Money in Motion



## Optimizing Performance



## Technology Advances



## Regulatory Change

- Active to Passive
- Equities to alternatives
- Defined Benefit to Defined Contribution and Insurance
- In-house management

**Continued growth in capital markets creates new opportunities – we are positioned to capitalize on dynamic asset flows to drive future growth**

# DRIVING OPERATIONAL ALPHA

Four big strategic drivers continue to reshape the market, **creating demand for new services**



Money in Motion



Optimizing Performance



Technology Advances



Regulatory Change

- Middle office services
- Foreign exchange
- Brokerage
- Liquidity management

**Investors facing multiple commercial challenges increasingly look to us for solutions that reduce cost, increase efficiency and deliver Operational Alpha™**

# LEADING WITH INNOVATION

Four big strategic drivers continue to reshape the market, **creating demand for new services**



**Money in Motion**



**Optimizing Performance**



**Technology Advances**



**Regulatory Change**

- AI and robotics
- Client experience
- Technology innovation
- Platform enhancement

**We are making focused investments in strategic technology to drive efficiency, fuel scalable growth and optimize performance**



# CAPITALIZING ON OPPORTUNITY

Four big strategic drivers continue to reshape the market, **creating demand for new services**



**Money in Motion**



**Optimizing Performance**



**Technology Advances**



**Regulatory Change**

- Tax-efficient vehicles
- Distribution support
- Regulatory services
- Risk and exposure tools

**Working with governments, regulators and clients to deepen relationships, drive sustainable growth and navigate the complex regulatory environment**

# THE VALUE OF 'THE BUNDLE'

Accessing multiple sources of revenue through technology and expertise to drive scalable growth



## INCREASING EFFICIENCY

### Asset Servicing

- Global custody
- Securities services
- Portfolio accounting

### Asset Administration

- Fund administration
- Transfer agency
- Fund distribution



## OPERATIONAL ALPHA

### Middle Office

- Data as a Service
- Front office solutions
- Integrated trading solutions
- Operations outsourcing
- OMS solutions



## ENHANCING PERFORMANCE

### Capital Markets

- Foreign exchange
- Currency management
- Brokerage and execution
- Transition management
- Securities lending/financing



## MANAGING LIQUIDITY

### Banking Services

- Collateral management
- Liquidity solutions
- Banking and payment services
- Treasury management
- Benefit payments



## MANAGING RISK

### Investment Support

- Performance measurement
- Compliance monitoring
- Exposure management
- Risk solutions
- Regulatory solutions



## DRIVING GROWTH

### Investment Services

- Active management
- Passive management
- Outsourced CIO
- Investment analysis
- Economic research

# ACCESSING 'THE BUNDLE'

*Execution, expertise and a service-orientation is key to solving complex client challenges*



*“How can I reduce my execution costs?”*

Asset management	Automated trading	Benchmark exposure tools
Cash management	CompleteFX	Trade execution
Passive currency overlay	<b>Optimized FX /FX Algos</b>	<b>Pre- and post-trade analytics</b>
<b>Program trading / direct market access</b>	Securities lending	Smart rebalancing
Trade matching / middle office outsourcing	Transition management	<b>Quarterly research /primary studies</b>



*“How can I create a scalable outsourced trading solution?”*

Asset management	<b>Automated trading</b>	Benchmark exposure tools
Cash management	<b>CompleteFX</b>	<b>Trade execution</b>
Passive currency overlay	Optimized FX /FX Algos	Pre- and post-trade analytics
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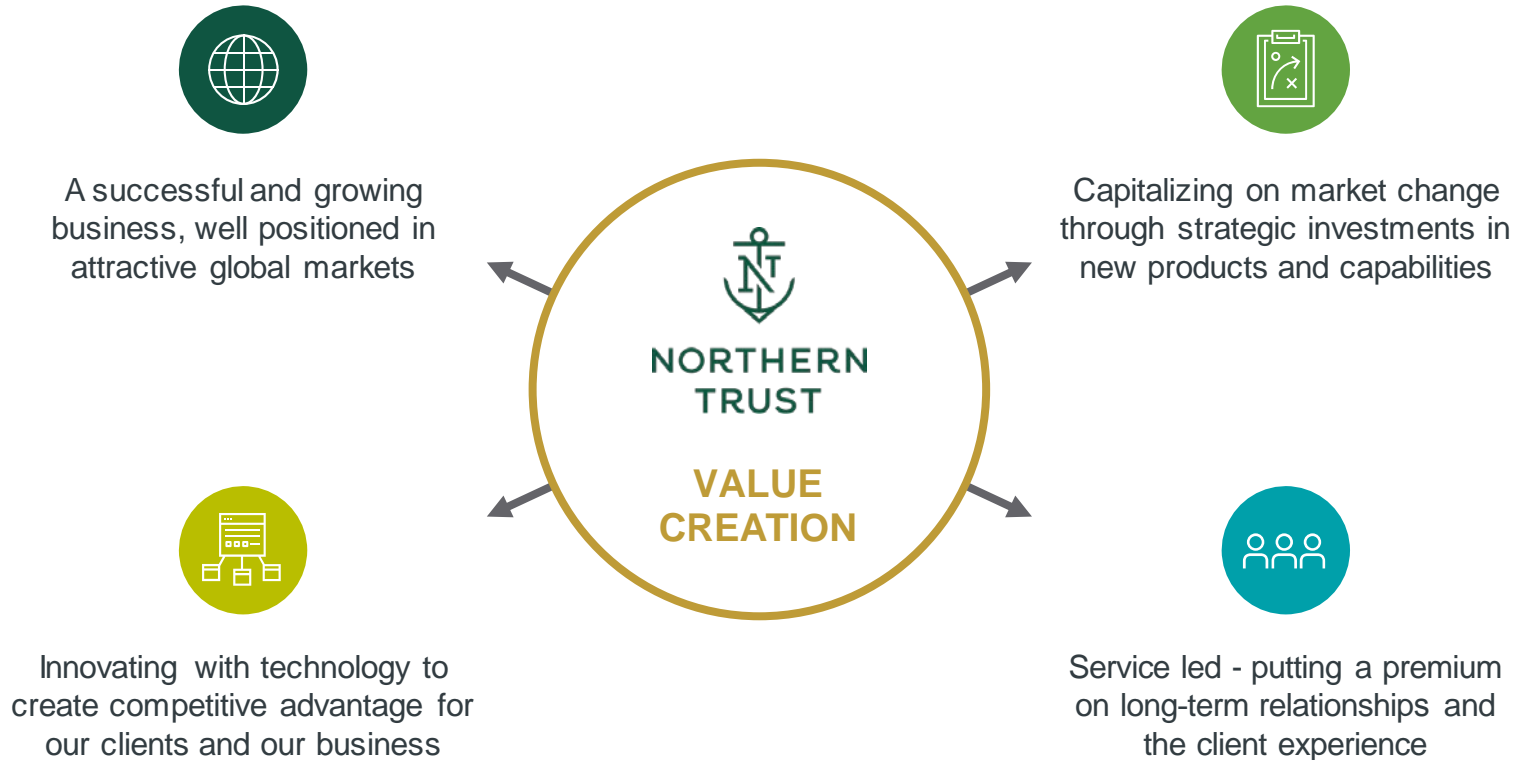


*“How can I optimize my interim exposure management?”*

<b>Asset management</b>	Automated trading	<b>Benchmark exposure tools</b>
<b>Cash management</b>	CompleteFX	Trade execution
<b>Passive currency overlay</b>	Optimized FX /FX Algos	Pre- and post-trade analytics
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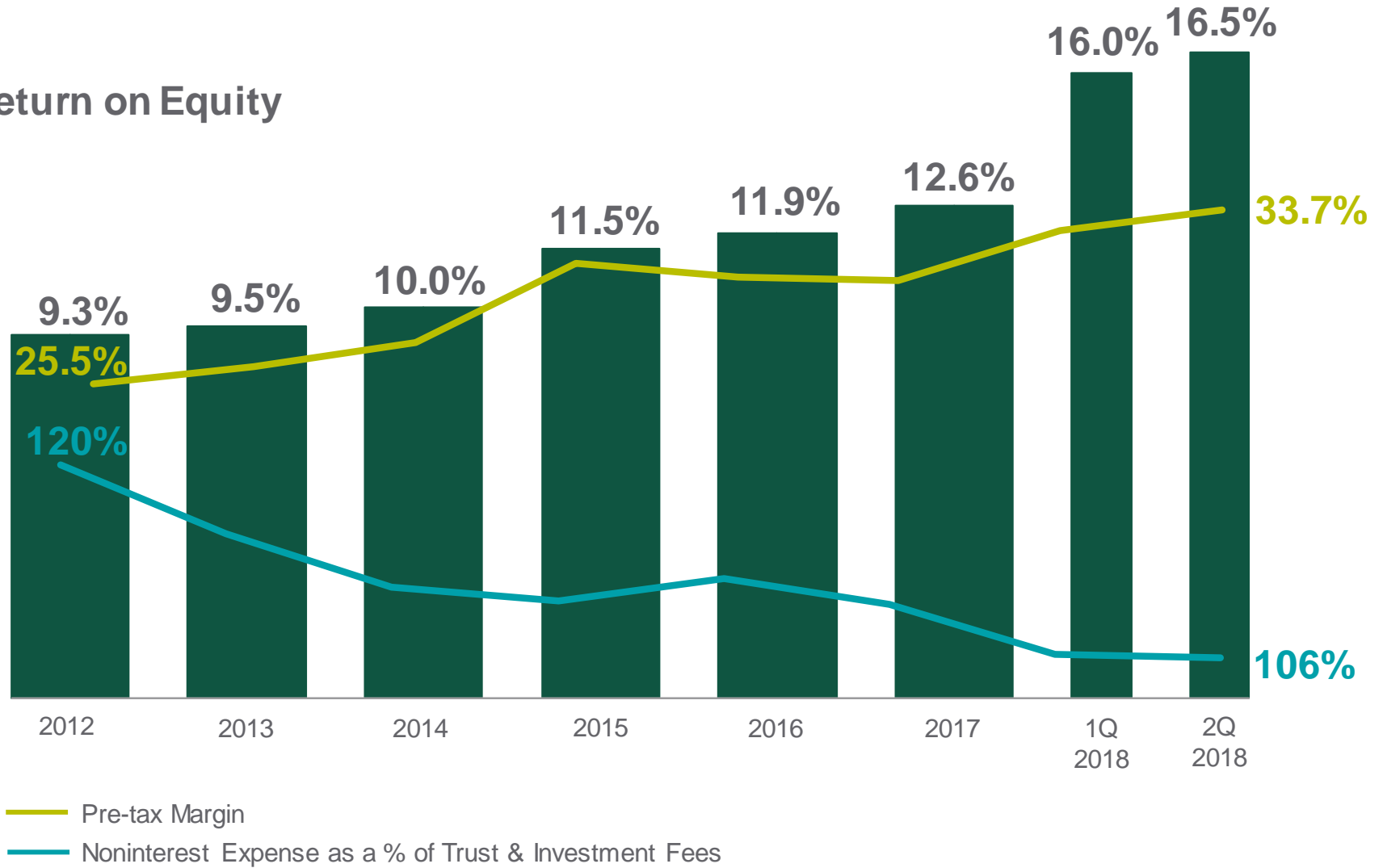
# CONSISTENTLY DELIVERING VALUE

*Driving scalable, sustainable growth through differentiation*



# PROFITABILITY AND RETURNS

## Return on Equity



As of June 30, 2018

# LONG-TERM SUCCESS THROUGH A FOCUSED STRATEGY



ACHIEVE  
GREATER

- Relationship-focused strategy
- Leader in attractive markets
- History of organic growth
- Proven record of investing for long-term growth and profitability



# NORTHERN TRUST