

TOP PERFORMERS: WORLD'S MOST ADMIRABLE COMPANIES

1

first

NORTHERN TRUST

COMPANY SNAPSHOT

HEADQUARTERS: Chicago

EMPLOYEES: 12,600 / ASSETS UNDER MGMT.: \$647 billion

THE BUSINESS: Founded in 1889, Northern Trust is both a private bank for wealthy clients and a custodian for institutional investors.

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OR YEARS NORTHERN TRUST watched other banks load up on risk. Lending standards disappeared, conservative balance sheets became a liability, and exotic investments were in vogue. Northern's approach was old school.

Today, Chicago's oldest and largest remaining independent

bank is one of the industry's rare success stories. Last year it earned \$864 million, and it was one of only two banks in the S&P 500 index not to cut its dividend. That helped Northern jump two spots in *Fortune's* 2010 World's Most Admired Companies survey to No. 1 in its category for the first time.

The linchpin to Northern's success is its touch with rich clients. Unlike rival U.S. Trust, which was acquired by Bank of America, Northern hasn't become part of a financial supermarket. Nearly half its \$3.8 billion in revenue comes from wealthy clients (those with more than \$1 million to invest), a percentage more than double that of many of its competitors. The rest comes from services for institutional investors, such as valuing derivatives.

During the height of the credit crisis, CEO Rick Waddell remembers walking through the Chicago

headquarters as clients stood in long lines there and elsewhere to *deposit* a total of \$90 million a day that they had moved out of other firms. "The marching orders I've given everybody: Take care of our clients, because they pay the bills around here," says Waddell, a 35-year veteran who started right out of Dartmouth.

That directive has worked out well for Northern, as wealthy families burned by Bernie Madoff and Wall Street banks look for stable firms. In the first quarter, new referrals, a key metric in the industry, jumped 30%—the most



since the early 1990s. Says Barclays Capital analyst Jason Goldberg: "The fact that these guys have been around 120 years bears more credence today than it did three years ago."

Ironically, Northern faces a tougher market in the aftermath of the downturn. In the first quarter it booked a \$20 million charge from money market fees it waived because of 0% interest rates. And its conservative investment book full of Treasuries earns little return. But with a burnished reputation and wealth rates growing again, the bank looks to expand in places like Washington, D.C., and China. As Waddell likes to say, "Then it's the matter of 'Who do you trust?'" —*Scott Cendrowski*

THE NUMBERS

22

YEARS
of consecutive profits.

\$17.5

BILLION
is the amount of savings deposits in 2009, up 50% from 2008.

50

Number of families with at least \$1 billion in assets who are served by Northern Trust.

Illustration by TAVIS COBURN