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# Corporate Trust Connection

Winter 2015

2015 year in review: Letter from the president

## Building on a strong foundation to invest in your future

The U.S. Bank Global Corporate Trust Services team is very proud of what we accomplished this past year. For many years, U.S. Bank has been making strategic investments in the corporate trust business through a series of acquisitions that have added size, scale and depth of talented staff. With fewer acquisition opportunities in the past years, we determined our best long-term strategy was to focus on adding even more value to every client relationship. To accomplish this goal, we felt it required significant and continuous investments in our technology and in our most important asset, our people.



As we close out 2015, we are excited to see our strategy paying off for our business, our people and our clients. U.S. Bank Global Corporate Trust Services is gaining market share both in the United States and Europe, and we are thrilled with the market leading position we enjoy across all of our product groups. While we will take time to celebrate our record-breaking performance, we will not take our leading market share position for granted. It took many years of hard work and effort to be number one and we fully intend to stay focused on what has made us successful, while at the same time, evolving to meet the increased needs and expectations of our diverse client

base. I can assure you we will continue to make strategic investments in the business, challenge ourselves to set even higher service standards and, most importantly, add value to you—our valued clients.

### Innovative technology

The strength of our commitment to the corporate trust business is especially evident in our efforts to invest in and improve our technology solutions. In response to our clients' feedback and needs, we implemented enhancements to meet the growing needs of our clients in an ever changing market. We introduced Pivot, our web-based client portfolio management tool, and continue to develop new functionality, which is rolled out quarterly. As an example, middle office capabilities and call back features have been added and a trading module has been incorporated into Pivot. These enhancements and others have provided clients with increased efficiencies. Additionally, Federal Government clients benefit from Pivot as we seamlessly extended the portal throughout our government service area this year.

We will continue to introduce new features that will be available through Pivot next year including access to detailed test results, the ability to run hypothetical trade tests, and customized reporting functions. Our next development phase will focus on the Corporate and Municipal bond business as Pivot will provide a variety of information surrounding bond and escrow transactions, replacing Trust Now Essentials. The electronic information available will significantly increase value to our clients with the inclusion of bondholder records, trust accounting records, ticklers and imaged bond documents. A key organizational and environmental benefit moving forward is that paper documents received will be imaged and made available electronically through Pivot.

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## Building on a strong foundation to invest in your future (cont. from page 1)

Continual investment in automation, personnel development and risk management is allowing us to support a prudent growth strategy. As a result, we are better positioned to serve our clients with the customized solutions they require.

### Enhancements to product and service offerings

We continue to provide the industry with competitive products backed by tenured professionals and sound financial support coupled with a steadfast commitment to integrity. As such, we are proud to enhance our product and service offerings in the following ways:

- We increased our presence and expertise in the Public Private Partnership segment this year by tracking and targeting specific projects across the country and meeting with the major concessionaires involved in the deals.
- We have leveraged CDO market share gains to expand our middle office solutions and we continue to expand our custody and loan agency services to benefit our client base and deliver a more comprehensive service offering.
- Significant expansion of 18 percent in the number of ABS transactions completed by our Structured Finance team this year highlights the value of their experience and the professionalism they provide clients.
- Federal agencies and multilateral financial organizations leveraged us to provide trust and custody services, giving our Federal Government Practice team increased traction and visibility. Federal clients also benefit from our leadership role in the Cybersecurity Campaign, an effort by the largest financial institutions in collaboration with the Federal Government.

### Market share leadership

Being an industry leader is important to us and, as I said earlier, we will not take it for granted. We are proud of our industry leading position and for our ranking as number one provider of Municipal, CDO and Structured Finance trustee services and the number two provider of Corporate trustee services. Our 2015 accomplishments include:

- Exceptional client service resulting in the achievement of a 32.2 percent Municipal market share for us, bringing added depth to our municipal product offerings and the addition of key industry talent to several of our local trustee teams.
- Impressive growth and client commitment enabling us to serve 50 percent of the CDO market. As of third quarter, we have gained \$47.4 billion in issuance volume across 94 deals and mandates from over 100 CLO managers, some of whom have awarded us deals in both the U.S. and Europe.

- An increase of 18 percent on ABS transactions from last year as of the third quarter, with 73 issuances totaling more than \$37 billion in volume. New ABS deals in 2015 consisted primarily of mainstream assets including auto loans and leases, equipment leases, credit cards and timeshare loan securitizations.

### Looking forward in 2016

As we look to the future, our team is continually anticipating industry trends and monitoring regulatory changes. We have positioned ourselves to provide the assistance you will need to continue to navigate this environment.

While not guaranteed, the Federal Reserve Bank is expected to increase the Fed funds rate at some point during the final months of 2015. Your relationship manager will pay close attention to how changes in the market, including general economic conditions and the changing rate environment, may impact you.

The SEC's money market reform amendments will impact our clients who are invested in prime or tax-free money market funds, as those funds will be required to have a floating or variable NAV by October 14, 2016. To ensure compliance with this rule, U.S. Bank formed a securities services task force that is focused on training our relationship managers so they are prepared to answer your questions and provide guidance through these upcoming changes.

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**We are thankful to every one of our clients for trusting us to provide comprehensive products and services from a team of experts who strive to exceed your business needs.**

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As we celebrate the accomplishments of 2015 and look ahead to the challenges and opportunities that 2016 may bring, we look forward to being a valued partner of yours as you grow your business in a very challenging environment.



Bryan Calder  
Global Corporate Trust Services President  
U.S. Bank

## U.S. Bancorp placed at the top of Fitch's global bank rating universe



Our dedication to strength, sustainability and a strategically balanced business model continues to set us apart in the industry. In October, at a time when rating upgrades were uncommon, Fitch Ratings upgraded the long-term Issuer Default Rating (IDR) of our parent company, U.S. Bancorp, from 'AA-' to 'AA.' Our ratings are now at the top of Fitch's global bank rating universe with an outlook of "stable." Fitch recognized U.S. Bancorp for a variety of differentiators that drive the notable rating.

**Efficiency and Balance.** We have a strong history of running an efficient operating model. Our solid performance of achieving a consistent efficiency ratio in the low 50s supports our superior earnings performance. We are committed to ensuring our clients' success and supporting them with a safe, strong, and balanced business model.

**Relationship Building.** Driven by a low-cost deposit base and low capital ratios, U.S. Bancorp attracts new customers with competitive prices while maintaining appropriate risk and return parameters. Our successful client relationships foster further partnerships across various divisions within the company, creating a stronger client base.

**Stable Future.** Our management team at U.S. Bancorp has an ongoing dedication to making responsible and sustainable decisions that continue to help create a positive outlook and corporate culture and, ultimately, provide exceptional services to our clients. Specifically, the corporate trust business was a key consideration during the review; returns in our business are steady and continue to be a significant focus of company growth.

We are tremendously proud of this accomplishment because it is a true reflection of the commitment embedded in our culture to create value for our customers, shareholders and the communities we serve.

## U.S. Bank recognized for service excellence



U.S. Bank Global Corporate Trust Services is honored to be the recipient of two recent awards from GlobalCapital and Creditflux. We are humbled by the recognition of our service offering and excited to extend our commitment to delivering product knowledge, customized solutions and technical innovation to help our clients meet their goals.

GlobalCapital, a leading news, opinion and data service for the international capital markets community, named U.S. Bank "Best Trustee" at its 2015 U.S. Securitization Awards in June. The award is the result of an open nomination process in which top capital market firms were asked to name the most impressive trustee in the market over the past year.

"We're committed to providing a best-in-class experience for our clients. To ensure that we do so, we emphasize open

communication and use our clients' input and ideas to shape our own investment in products, services and technology," said Bryan Calder, president of U.S. Bank Global Corporate Trust Services.

Creditflux, a leading information source for the credit trading and investment market, recognized U.S. Bank as one of eight Scrolls of Excellence recipients during their CLO Investor Summit in New York on October 21. U.S. Bank was awarded the Scroll of Excellence in CLO portfolio administration and reporting. Winners were chosen as a result of the three month process in which summit delegates and Creditflux subscribers voted for the best CLO service providers in the industry.

These awards are a testament to the dedication of our staff and the commitment we have to partnering with our clients to help their businesses grow. We take pride in our responsibility as a recognized market leader and continually strive to deliver superior client service and innovation.



## Combatting destructive malware

Destructive malware (DM) can compromise data and system confidentiality, availability and integrity; disrupt business operations; and harm brand reputation. Two notable and costly cybersecurity incidents in 2014 and 2015 at large corporations illustrate these negative effects. One entertainment company paid an estimated \$8 million in legal settlement fees to their employees and another company burned through \$40 million in recovery costs. These numbers don't even dip into potential losses of revenue from concerned customers who took their business elsewhere.

U.S. Bank is a leader in the financial sector and through the Financial Services-Information Sharing and Analysis Center, we headed a working group to address the growing risk of destructive malware. We encourage our clients to evaluate this risk to their businesses and consider implementing these identified best practices:

- **Business recovery.** Develop, test and update a crisis response and business recovery plan, and designate response and recovery team members. Include more than just the technology team—consider engaging counsel and communications teams, corporate management and the board of directors, and plan how response teams would engage with regulators or law enforcement.
- **Malware detection.** Quick malware detection can help prevent long-term damage. Use a combination of risk, signature and behavior-based detection techniques, working from network baselines. If a DM attack is detected, responding quickly is crucial and should include both containment and forensic analysis.
- **Bare metal rebuild.** In the event of a cataclysmic DM attack, consider a bare metal rebuild (BMR) when recovering systems and bringing networks back online. BMR differs from restoring a computer in that it rebuilds the servers from scratch—eliminating some human error, retaining settings and configurations and lifting the administrative burden. BMR can back up to any earlier available points, effectively restoring machines that may have been infected for longer periods of time.
- **Lessons learned.** Once it is safe to reconnect to the network, incorporate any lessons learned immediately at both the technical and policy levels, and share threat indicators with partners with as much context as possible.

- **Employee education.** Educate personnel on how to spot and avoid phishing and social engineering techniques. Training should be continuous and include reporting procedures.
- **Backup solutions.** Emphasize backup solutions, particularly offline backups, so that data restoration can happen quickly and with integrity.

U.S. Bank advises our clients to be alert to the evolving cybersecurity risk landscape. We encourage you to become familiar with free government resources such as the DOJ Incident Response Guide.



Please talk with your relationship manager about receiving additional U.S. Bank publications, such as *The Shield*, attending conferences or scheduling a briefing with the Information Security Services team on this critical topic.

[Click here](#) to read a white paper on best practices from the Financial Services Information Sharing and Analysis Center.

## Electronic vault offers paperless solution



U.S. Bank Global Corporate Trust Services has partnered with eOriginal to provide custodial services for firms issuing electronically-signed documents or assets. Through the new partnership with eOriginal, U.S. Bank is now able to accept and store electronically-signed documents or assets, and serve as custodian for fully-electronic securitization trusts or other similar transactions.

Assets and associated documents vary and can include equipment leases, auto loans and leases, and solar panel loans and leases, among others. Clients will realize increased efficiencies associated with maintaining assets in a paperless environment.

eVault provides a comprehensive solution to hold electronic collateral assets in custody, and offers the following features:

- Increased efficiency of sending collateral to the custodian in minutes as opposed to a matter of days
- Decreases in costs of shipping documents as collateral is managed in a paperless environment
- Customizable views of single or multiple documents
- Digital tamper-evident seal to verify integrity of content
- Detailed audit trail on every action throughout the transaction

As one of the country's largest document custodians, we are committed to continuously enhancing the products and services we offer. By combining innovative technology with responsive services, Global Corporate Trust Services provides clients with a strategic partnership in an evolving industry.

**To learn more about eVault, contact your relationship manager.**

## Increasing efficiency for asset management with Pivot

With a commitment to providing superior service, we continually work to enhance our technology applications to offer our clients the best experience. New features have recently been incorporated into our client Web portal, Pivot, including a new trade module, call back feature and an updated landing page.

The trading module allows users to search our global loan database and submit trade tickets. With the call back feature, clients can submit a cash distribution request without a callback via Pivot's online document management feature. These additions will eliminate steps in the daily processes for asset managers, allowing them to focus more on improving returns for their clients.

Pivot's new landing page was launched in September. It will serve as a single point of entrance to Pivot for clients with business relationships across our Securities Services division of U.S. Bank, which includes Global Corporate Trust Services as well as Institutional Trust and Custody and U.S. Bancorp Fund Services.

Throughout the upcoming year, we will continue to enhance Pivot with a number of updates that will provide customized solutions to meet the unique needs of our clients.



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