



Securities Lending

U.S. Bank Institutional Trust & Custody's Securities Lending program is the perfect solution for clients who want to add incremental income to their portfolio. U.S. Bank takes pride in its tradition of maintaining a customer-focused, transparent approach to securities lending.

What is Securities Lending?

Securities lending is a program that allows institutions to lend the securities in their portfolio to various borrowers within the industry. In exchange, the lender is given cash collateral for the securities and the opportunity to earn potential returns on the investment of that cash collateral.

Is Securities Lending a Good Fit for your Institution?

U.S. Bank Institutional Trust & Custody provides securities lending solutions to a variety of institutional clients including foundations, endowments, pension plans, corporations, and public or government entities.

Institutions in U.S. Bank securities lending programs typically have \$100 million or greater in lendable assets. U.S. Bank Institutional Trust & Custody will work in close partnership with prospective clients to understand their objectives and implement a securities lending program that meets their needs.

A Trusted Partner

Since 1990, U.S. Bank Institutional Trust & Custody has helped institutions enhance investment performance through our securities lending program. Our in-house experts employ time-tested processes, strengthened by technology, to provide clients with superior client service.

A Flexible Approach

Once you authorize lending of your portfolio's securities, we facilitate and oversee the entire securities lending process, including:

- Rigorous screening, selection and ongoing review of borrowers
- Monitoring availability of securities
- Negotiating rebates
- Daily marking-to-market
- Monitoring and maintaining cash collateral levels
- Processing securities movements
- Reinvesting cash collateral



Our Approved Borrowers

Our borrowers are leading financial institutions that must pass our rigorous and ongoing financial and credit analysis. U.S. Bank has a diverse array of approved borrowers that includes most major financial institutions throughout the United States and can accommodate clients requesting to limit or restrict exposure to a specific borrower.

Risk Management

U.S. Bank has stringent risk management policies that govern securities lending borrowers, collateral and loan terms:

- U.S. Bank requires borrowers to provide 102% collateral at loan inception, reducing credit risk exposure for our clients and will mark-to-market the value of loaned securities daily until securities are returned, demanding additional cash collateral on our client's behalf when needed.

U.S. Bank offers its clients the option of indemnification against loss due to insufficient collateral in the event of a borrower default as an additional layer of protection. Under the indemnified program, U.S. Bank will purchase replacement

securities whenever possible for its clients in the event of borrower default, rather than simply depositing cash into the client's account.

- Interest-rate risk and credit risk are actively managed in the reinvestment of cash collateral within pre-established guidelines for the program.

U.S. Bank operates an internally-managed agent lending program for clients to access borrower demand for their securities. U.S. Bank acts as an agent on behalf of its clients and does not borrow or lend securities directly from or to its clients. U.S. Bank lends U.S. government and GSE securities, as well as equities and corporate bonds. In addition, U.S. Bank can lend ADRs and ETFs in order to maximize a portfolio's value.

Learn more about how U.S. Bank can meet your securities lending needs. For more information, please visit us online at: usbank.com/itc/securities_lending.cfm



usbank.com/itc/securities_lending.cfm

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