



## Press Release

EMBARGOED to 0500 GMT 14 June 2005

### Global private banking profits and managed assets growth consolidates

LONDON — The global private banking industry's pre-tax profit levels have continued to drive forward with an average increase of 23.8% in USD terms, according to the latest 2004 Private Banking Benchmark study by leading wealth management consultancy *Scorpio Partnership*. The strong results for the industry were supported by an industry-wide 13.1% increase in assets under management (in USD terms) for the 12-month period under review. Further, net new money tracking data leapt 61.6% (USD41.53 billion) among institutions reviewed in 2004 compared with 2003 data. Overall, private banks reviewed for the Benchmark now manage in excess of USD6.0 trillion in fee-based assets for high-net-worth individuals worldwide.

Scorpio Partnership's groundbreaking market analysis confirms the industry is now enjoying a turnaround in fortunes after a prolonged period of relatively flat performance. Strong profit figures are partly due to the results of internal operations restructuring at many institutions as well as continued cost cutting measures now resulting in improved bottom-line performance. This has also been complemented by an improvement in global markets which has encouraged clients to gradually reinvest assets through private banks.

**Sebastian Dovey**, managing partner of Scorpio Partnership, said: "The private banking industry is firmly back on its feet for the first time this decade. The figures indicate that re-positioning at many firms is now feeding through to the bottom line and confirm some of the trends first revealed in the half-year results report released in December. Sensible business models combined with a greater emphasis on upgrading the front office to secure high quality assets should mean, markets permitting, that this time the trajectory will be sustainable."

Among the top 10 global private banking institutions, UBS retained pole position with USD1,295 trillion while Merrill Lynch broke into the trillion dollar club with USD1,030 trillion in fee-based assets under management. Moving up the charts was JPMorgan Private Bank to fourth position while ABN AMRO jumped one position to ninth. Banks staying in the same position, although experiencing an increase in assets under management were UBS, Credit Suisse, Citigroup Private Bank and Dresdner Bank. Sliding down the ranking places were Deutsche Bank which dropped one place and HSBC Private Bank which dropped two. The new top 10 entrant this year was Wachovia Wealth Management with USD147 billion. There are now 16 institutions with over USD100 billion in fee-based assets under management, compared with 13 for the previous year.

#### Scorpio Partnership Annual Global Private Banking Managed Assets Benchmark

	Institution (Reporting Currency)	Assets under Management Year End 2004 (USD bns)	Assets under Management Year End 2003 (USD bns)	% Change (Base)	% Change (USD)
1	UBS (CHF)	1295.53	1115.02	5.87%	16.19%
2	Merrill Lynch Global Private Client Group (USD)	1030.00	935.00	10.16%	10.16%
3	Credit Suisse (CHF)	528.73	461.55	4.38%	14.56%
4	JPMorgan Private Bank (USD)	304.00	266.00	14.29%	14.29%
5	Deutsche Bank (EUR)	195.11	185.84	-3.38%	4.99%
6	Citigroup Private Bank (USD)	182.00	158.00	15.19%	15.19%
7	HSBC Private Bank (USD)	178.20	169.00	5.44%	5.44%
8	Dresdner Private Banking (EUR)	158.27	148.17	-1.69%	6.81%
9	ABN AMRO Private Banking (EUR)	156.91	128.08	12.75%	22.50%
10	Wachovia Wealth Management (USD)	147.00	135.70	8.33%	8.33%

Source: Scorpio Partnership

NB. This is an extract from the full table and accompanying notes.

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## **Profits and managed assets climb in the global private banking industry**

- **Benchmark: Unique measures of private banking performance**

The Scorpio Partnership Private Banking Benchmark study, now in its fourth year, is the most comprehensive review of key performance indicators in the global industry. The objective is to provide a barometer for the industry based on detailed analysis of financial data from reporting firms. Some 120 institutions were approached for the latest review.

The results are based on analysis of 2004 year-end financial data reported by the financial institutions as well as data provided to Scorpio Partnership on an exclusive basis. New analytical additions in this Benchmark include the first-ever industry ranking of assets under management for institutions focused on the ultra-high-net-worth client segment that is increasingly coveted by private banks. Further, the study provides a first-ever review of performance levels according to sizes of financial institutions in the sector, global market shares of the leading institutions and a comprehensive M&A deal tracking review. This is all in addition to the usual Benchmark review of performance based upon profitability, cost/income analysis, net new money and headcount data.

Many of the variations in the figures analysed were no doubt down to the bigger industry players and no more so than the increases in staff. Total staff numbers were up 3.8% in 2004, with the more expensive client-facing staff up 2.4% over the same period. These staff increases are mostly in response to ambitious expansion plans by the larger players. *Scorpio Partnership's* M&A deal tracking review, which covers the activity of those banks covered in the report, reported no less than 26 deals.

**Ted Wilson**, Scorpio Partnership consultant and Benchmark author, said: "A tight market for high quality private bankers, together with a need by industry members to gain critical mass quickly in their chosen markets, mean that where possible, acquisitions are eclipsing organic growth as the preferred route to gain market share."

### **Information about:**

#### **Scorpio Partnership and the Private Banking Benchmark**

**Scorpio Partnership**, a strategy consultancy for the wealth management industry, was founded in 1998. The company is based in London and has now served over 100 institutions as well as private high-net-worth clients and families on matters relating to private banking, family offices and related service industries. These clients are based in Europe, the Far East, the Middle East and North America.

**The Scorpio Partnership Annual Private Banking Benchmark** is a subscription-based service aimed at professionals in the wealth management sector, private clients and anyone with an interest in the private banking industry. It provides regular, detailed, exclusive analysis of the leading players in the industry. The service forms part of a broader suite of strategic consulting capabilities available at Scorpio Partnership. Access to the Benchmark are available from Scorpio Partnership and further details can be found on the firm's website at [www.scorpiopartnership.com](http://www.scorpiopartnership.com).

### **Press Contacts:**

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