

Immediate Release

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Press Release

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Global wealth management industry posts banner year: Scorpio's Benchmark 2006

LONDON — The global wealth management industry has once again raised the performance bar, notching up median assets under management (AUM) growth of 18% in base currency terms, according to the latest **Private Banking Benchmark** study by leading consultancy **Scorpio Partnership**. This asset growth, resulting from healthy markets last year and surging net new money inflows, also propelled a strong pre-tax profit increase of 24.6% for the industry.

The *2006 Private Banking Benchmark* is Scorpio Partnership's fifth annual quantitative assessment of the wealth management industry. It includes comparative data from 73 firms controlling USD8.5 trillion in assets for private clients worldwide. The Benchmark offers a unique window on the continued growth of the wealth management market and the performance of its participants at all levels of the industry.

Sebastian Dovey, managing partner of Scorpio Partnership, said: "Following some painful lessons in the recent past, the wealth management industry has hit its stride. The market leaders are demonstrating a sustained concentration on efficiency and profitability. Critically, they appear to also be achieving a more global proposition that resonates with the rapidly growing first generation new wealth holders. Net new asset flows are reflecting this."

Looking specifically at AUM, the trillion-dollar club has expanded to three members. UBS retained pole position with an 8.75% increase in AUM in US dollar terms to USD1.319 trillion. In base currency terms, it posted the highest AUM growth among the top 10 banks, rising 25.3%. UBS Wealth Management handles client accounts in excess of USD500,000 and is this year closely challenged by Citigroup. This year Citigroup has reported assets under management both for Citigroup Private Bank and Citigroup Smith Barney, which targets clients with more than USD500,000 in liquid wealth. The collective business, Citigroup Global Wealth Management, reported total AUM of USD1.310 trillion.

The top 10 wealth management firms by total assets under management in US dollar terms at year-end 2005 are as follows.

The Scorpio Partnership Top 10 Wealth Managers for Total AUM

	Institution	AuM YE 2005 (USD bns)	AuM YE 2004 (USD bns)	Change (Base)	Change (USD)	Reporting currency
1	UBS	1318.83	1212.76	25.29%	8.75%	CHF
	<i>UBS Wealth Management International and Switzerland</i>	746.88	681.74	26.22%	9.56%	CHF
	<i>UBS Wealth Management USA</i>	571.95	531.02	24.09%	7.71%	CHF
2	Citigroup	1310.00	1149.00	14.01%	14.01%	USD
	<i>Citigroup Smith Barney</i>	1130.00	N/A	N/A	N/A	USD
	<i>Citigroup Private Bank</i>	180.00	N/A	N/A	N/A	USD
3	Merrill Lynch	1100.00	1030.00	6.80%	6.80%	USD
4	Credit Suisse	558.72	524.19	22.80%	6.59%	CHF
	<i>Credit Suisse Private Banking</i>	501.45	472.40	22.30%	6.15%	CHF
	<i>Credit Suisse Private Client Services</i>	57.27	51.79	27.41%	10.59%	CHF
5	Morgan Stanley	374.00	342.00	9.36%	9.36%	USD
6	HSBC Group	348.00	304.00	14.47%	14.47%	USD
7	JP Morgan	313.40	304.00	3.09%	3.09%	USD
8	Wachovia Corporation	309.70	285.30	8.55%	8.55%	USD
	<i>Wachovia Securities</i>	235.70	225.80	4.38%	4.38%	USD
	<i>Wachovia Wealth Management</i>	74.00	59.50	24.37%	24.37%	USD
9	Bank of America	228.20	193.30	18.05%	18.05%	USD
10	Deutsche Bank	198.95	193.59	17.48%	2.76%	EUR

Source: Scorpio Partnership

Note: Typical minimum account threshold at USD500,000 or higher

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For the first time this year in the press release, Scorpio Partnership is also providing an insight into the segmented performance of global wealth managers. Because wealth management firms target HNW clients with different levels of wealth, the following two tables, again in US dollar terms, list the top five wealth management firms on a segmented basis. Of note, UBS appears at the top in each case because it provides AUM data across segments as well as for the USD500,000 threshold. Other firms are not yet supplying this data.

For banks targeting clients with USD1 million, Morgan Stanley this year ranks second to UBS, having restructured its Global Wealth Management division (see below). As a result of a re-classification of assets, Morgan Stanley climbed from fourteenth to fifth this year in the global ranking. Overall, the US firms dominate the rankings but have been unable to surpass UBS.

Top 5 AUM for Wealth Managers with Minimum Investment Starting Point of USD1 million (or equivalent)

	Institution	AuM YE 2005 (USD bns)	AuM YE 2004 (USD bns)	Change (base)	Reporting currency
1	UBS	966.69	856.99	29.96%	CHF
2	Morgan Stanley	374.00	342.00	9.36%	USD
3	Wachovia Corporation	309.70	285.30	8.55%	USD
4	Bank of America	228.20	193.30	18.05%	USD
5	ABN AMRO	155.13	155.69	13.91%	EUR

Source: Scorpio Partnership

In the USD10 million plus client target category, including ultra-HNW clients and family offices, the top five firms providing data manage over USD1.2 trillion in fee-based assets (See below). This reflects 14.1% of the total private client assets banked within the USD8.5 trillion universe analysed. Significantly, the growth rate in this category is markedly slower than in the USD1m plus category. Further analysis in the Benchmark 2006 indicates that the profitability of this segment is also lower.

"Targeting the ultra-HNW is often cited as the ultimate goal of many private banks. However, the research is now clearly demonstrating that it is often more profitable for banks to attack the mainstream private client market. There are more opportunities and the solutions can be more efficiently sold," said **Cath Tillotson**, partner of Scorpio Partnership.

Top 5 AUM for Wealth Managers with Minimum Investment Starting Point of USD10 million (or equivalent)

	Institution	AuM YE 2005 (USD bns)	AuM YE 2004 (USD bns)	Change (base)	Reporting currency
1	UBS	599.33	N/A	N/A	CHF
2	JP Morgan	313.40	304.00	3.09%	USD
3	Citigroup Private Bank	180.00	N/A	N/A	USD
4	Northern Trust	117.20	110.40	6.16%	CHF
5	Bessemer Trust Company	42.50	42.50	0.24%	USD

Source: Scorpio Partnership

Private Banking Benchmark: Unique measures of private banking performance

The *2006 Private Banking Benchmark* study is the most comprehensive review of key performance indicators in the global wealth management industry. The objective is to provide performance metrics for the industry based on detailed analysis of financial data from reporting firms. Over 200 institutions were approached for the latest review. The results are based on analysis of 2005 year-end financial data as well as data provided exclusively to Scorpio Partnership.

This year's Benchmark also includes a regional breakdown of private client assets under management and a review of strategic asset allocation into income, balanced and growth portfolios. There are also reviews of performance based upon assets under management, profitability, cost/income analysis, net new money and headcount data. For further details, see www.scorpiopartnership.com

Scorpio Partnership is a strategy consultancy for the wealth management industry. The company, based in London and founded in 1988, has now served over 125 institutions as well as HNW individuals and families on matters relating to private banking, family offices and related industries. These clients are based in Europe, the Far East, the Middle East and North America. **Scorpio Partnership was voted 2006 Best Global Wealth Management Consultancy.**

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