



The Scorpio Partnership KPI Benchmark Centre

Product Information

September 2010

About the KPI Benchmark Centre

The **Scorpio Partnership KPI Benchmark Centre** is the next step in the process unmasking the data KPIs of the private banking business against the performance of the wider market. This product has been developed as a key progression from the annual **Global Private Banking Benchmark**, produced by Scorpio Partnership, the world's leading independent specialist wealth management business consultancy, since 2002.

The **Global Private Banking Benchmark** product now includes well over 200 institutions annually and in excess of 15,000 data points over multiple years and stands out as the major bottom-up KPI analysis of the state of the industry. The Private Banking Benchmark 2010 covered results from 82% of the world's private banks, between them controlling more than USD13.6 trillion in assets under management. The depth of that database, updated on an annual basis with over 5,000 new data points, is the foundation of the KPI Benchmark Centre.

As the market embraces the strategic relevance of KPIs benchmarking a business against specific data sets is increasingly relevant. The goal of the **KPI Benchmark Centre** is to offer deeper and more bespoke industry benchmarking process allowing any market participant to make a direct comparison with their peers and direct competitors.

KPI Benchmark Centre covers six key areas of KPI performance, covering over 15,000 data points

The content of the KPI Benchmark Centre is focused on six key areas of KPI analytics: **AUM, net new money, income and expenses, profits, margins and cost income ratios**. Each individual report will also include for reference the full market performance and overview.

The KPI Benchmark Centre toolkit is available to the market in two forms – **Standard** and **Custom**. While each report will be a bespoke benchmarking project to each client the choice between Standard and Custom allows the client to determine the depth and breadth of benchmarking sought.

The **Standard** version of the KPI Benchmark Centre will focus on market overview, assets under management, net new money, income, expenses, cost-income ratio and profitability. The comparative data will be shown against a group of 10 relevant competitor institutions to be selected by Scorpio Partnership. The focus will be on snapshot data, therefore, for the most recent year rather than a dynamic focus across three years data.

The deeper **Custom** option allows for the above plus analysis of income breakdown, expenses breakdown, deposits to AUM ratio, loans to AUM ratio, gross margin on banking business, adjusted gross margin on AUM, gross margin on managed assets and dynamic data across five data sets. It also encompasses a selection of 20 competitor institutions to be chosen in partnership with Scorpio Partnership.

KPI BENCHMARK CENTRE – CONTENT AND OPTIONS

STANDARD AND CUSTOM CONTENT AND OPTIONS

KPI	Standard		Custom	
	Snapshot (1year)	Dynamic	Snapshot (1year)	Dynamic
1 Market Overview	✓	✓	✓	✓
2 AUM	✓		✓	✓
3 NNM	✓		✓	✓
4 Income	✓		✓	✓
5 Income breakdown	✓		✓	
6 Expenses	✓		✓	✓
7 Expenses breakdown			✓	
8 Deposits to AUM ratio			✓	
9 Loans to AUM ratio			✓	
10 Gross margin on banking business			✓	
11 Adjusted gross margin on AUM			✓	
12 Gross margin on managed assets			✓	
13 Cost income ratio	✓		✓	✓
14 Profitability	✓		✓	✓

✓ – Available as **Custom** KPI Benchmark Centre Options

The **Standard** version of the KPI Benchmark Centre, charged at a flat fee of GBP6,000 + VAT, will provide a bespoke benchmarking of the competitive performance of any institution active in the market against an immediate and relevant peer group of 10 institutions. The output of this analytic across the specified data areas will be prepared for client in Powerpoint form.

For a **Custom** version of the KPI Benchmark Centre, the Scorpio Partnership analytic team will need to work more closely with the buying institution to determine the competitive peer group. This process, depending on the depth of the areas to be covered in the work, will take between seven and ten working days. The output will be a Powerpoint and, if required, a teleconference delivery.

The pricing for the Custom version of the options will be determined by the number of data areas the buying institution wishes to be benchmarked against.

For each of the **Standard** and **Custom** options, if we do not already have the data from the buying institution, we will require the relevant data points to benchmark.

The KPI Benchmark Centre is now available and is priced as follows:

Licence	Price (GBP)
Standard	GBP6,000
Custom	From GBP10,000

All prices ex VAT. Payment in USD and EUR calculated at the prevailing rate.

For further details, content inquiries or to discuss any issues with the report please contact:

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EXAMPLES OF KPI BENCHMARK CENTRE SECTIONS

Bank X - KPI Benchmark Centre (Sample)

Key industry themes

- The main KPIs point to wealth management riding the coat tails of market recovery.
 - AUM saw positive growth with a mean of 17.0% (-15.7% at YE2008)
 - NHM remains slightly positive, but with average change of -60%
 - Asset management margins remain under significant pressure
 - And there is little evidence of cost management

	Mean 2009 (USD bn)	Average % change 2009	2009
AUM	xx	xx %	-15.7%
Net new money	xx	xx %	-54.1%
Ordinary profits	xx	xx %	-37.1%
Ordinary income	xx	xx %	-7.4%
Cost income ratio	xx %	xx %	10.8%

Assets under management at a...

Source: Scorpio Partnership Private Banking KPI Benchmark, 2009

Bank X - KPI Benchmark Centre (Sample)

HNW wealth is also recovering

The market recovery is improving AUM and overall HNW wealth. But there is no evidence that HNW is a re banking more with private banks.

Assets (USD billion)

Bankable Assets Total HNW financial assets

Source: Scorpio Partnership Private Banking KPI Benchmark, 2010
Scorpio Partnership Wealth Distribution Model, 2010

Bank X - KPI Benchmark Centre (Sample)

Industry performance versus market performance

On average the private banking sector has clearly...

Growth rate

Private Banking Performance Global Private Banking AUM MSCI World

Source: Scorpio Partnership Private Banking KPI Benchmark, 2010

Bank X - KPI Benchmark Centre (Sample)

AUM - snapshot

	Mean 2009 (USD bn)	Average % change 2009
All banks	xx	xx %
Upper tail	xx	xx %
Lower tail	xx	xx %
Bank X	xx	3.25%
Competitors	xx	11.6%

Bank X is slightly smaller by AUM than its collective peer group

USD (billion)

2009

Bank X Competitor Mean

Bank X has a lower AUM than its competitive peer group, outperformed relative to both market AUM competitors for the year 2008. Bank X only grew AUM by 3.25% compared to 11.6% for the peer group. Bank X needs to recover through the year 2009.

Bank X - KPI Benchmark Centre (Sample)

AUM - trend

The trend reflects a convergence of peer group AUM...

USD (billion)

2007 2008 2009

Minimum Competitor Average Maximum BANK X

- Bank X has moved to a market average AUM performance from 2008 through 2009
- Within its peer group, there has been a sharp drop in the largest AUM figure to 2008 year before flat-lining through 2009 to 2009
- The minimum for the peer group was steady during the crisis and has increased through 2009

Source: Scorpio Partnership KPI Benchmark, 2010

Bank X - KPI Benchmark Centre (Sample)

Income - breakdown YE 2009

Distribution of average competitor's income

Distribution of Bank X's income

The competitor group is more reliant on fee income relative to Bank X which takes a higher proportion from trading and other income

- Bank X has been able to sustain its income levels better than its peer group, perhaps due to its ability to substitute fee-based income through other sources and trading income in particular
- This matches a wider trend established in the full Benchmark 2010 dataset where the best performing banks were able to shelter a loss in fee-based income by driving income across a range of sources

Net Income Interest ratio Fee Income ratio Trading Income ratio Other Income ratio

Source: Scorpio Partnership KPI Benchmark, 2010

ABOUT SCORPIO PARTNERSHIP

Scorpio Partnership is the leading insight and business consultancy to the global wealth industry.

The firm specialises in understanding the wealthy and the financial institutions they interact with. We have developed four transformational disciplines – **SEEK**, **THINK**, **SHAPE** and **CREATE** – each designed to enable business leaders to strategically assess, plan and drive growth. The solutions Scorpio Partnership develops regularly win awards for its institutional clients and help them financially profit.

Our discipline teams leverage expertise in:

SEEK

- Client research
- Advisor research
- Market mapping
- Company/Intermediary research
- Brand identity audits

THINK

- Product/Service development
- Business case development
- Concept solutions
- M&A diligence
- Brand identity development

SHAPE

- Market entry solutions
- Media and Event solutions
- Training and Education solutions
- Sales & Marketing campaigns
- Brand identity solutions

CREATE

- Campaign management
- Change management
- Strategic marketing
- M&A implementation
- Specialist consulting

Scorpio Partnership has conducted more than 300 global assignments across wealth for institutions in the banking, fund management, regulation, IT and technology, insurance and charity sectors.

Scorpio Partnership has been voted best global consultancy to the wealth management industry for the three consecutive years*. The firm is independent and owned by management.

For more information go to www.scorpiopartnership.com

*Wealth Briefing

ADDITIONAL REPORTS FROM SCORPIO PARTNERSHIP

Global Private Banking Benchmark

The annual Scorpio Partnership Global Private Banking Benchmark is the most authoritative analysis of the global private banking landscape, from the world's leading independent wealth management strategist. It is based on the analysis of results from 80% of the world's private banks, and is essential reading for those at the forefront of our industry.

Wealth Management Deal Tracker

The Scorpio Partnership 2010 Wealth Management Deal Tracker is the first published report from our team looking specifically, and in detail, at the deal making activity in the international wealth management market through 2009 (starting in 2008 and running into 2010). The analysis covers 53 deals with a total deal value amounts to USD510.8 billion and complements our annual Global Private Banking Benchmark report.

HNW Asset Allocator

HNW Asset Allocator is Scorpio Partnership's bi-annual global study on the asset allocation practices of the private wealth management industry. The results map responses from 33 private wealth management institutions managing in excess of USD7 trillion in private client assets globally. The study tracks how these private wealth management institutions allocate HNW assets now and how they will adapt allocations looking to the horizon.

ULTRA

Ultra is written monthly by our senior staff – including Directors and Partners. It summarises what is happening internationally in the wealth management market with a focus on business strategy, and our thought leadership insight on what it means for the business.

Vintage

Vintage is an innovative 'on-demand' geographical wealth databank, providing strategic data on the wealth market in over 30 different geographies. Vintage includes segmented market sizing, investor characteristics and competitor landscapes as well as additional insights.

For further details on the contents and analysis of our reports
please contact the SEEK discipline team at Scorpio Partnership

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