Beat: Business

UBS to cut 10,000 jobs as it slims down investment banking arm

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USPA News - Swiss bank UBS on Tuesday announced it expects to cut about 10,000 jobs worldwide, representing about 15 percent of the current global workforce, as it tries to cut costs and pares back its investment banking arm to return to private banking roots. Shares of Zurich-based UBS soared more than 5.4 percent as investors welcomed the restructuring plan, but enthusiasm was tempered by the $2.3 billion third-quarter net loss it suffered, mostly as a result of more than $3.3 billion in impairment losses related to goodwill and other non-financial assets at its blunder-hit Investment Bank.

Under the plan announced on Tuesday, UBS will be concentrating the Investment Bank on traditional strengths such as advisory, research, equities, FX and precious metals. The Investment Bank will exit other areas, especially those in fixed income that have been rendered uneconomical by changes in regulation and market developments. As part of the plan, the bank expects to cut approximately 10,000 jobs by 2015, bringing down the global workforce to around 54,000. "The strong progress we have made over the last 12 months allows us to begin implementing this next phase of our strategy," said UBS Group CEO Sergio Ermotti. "We are ahead of schedule in our plans to build additional capital strength and reduce both costs and risk-weighted assets." The bank was hit by a series of costly blunders in recent years, causing the Swiss government to bail out UBS following more than $50 million in mortgage losses. The bank also suffered a $2.3 billion hit due to unauthorized trading blamed on trader Kweku Adoboli, who has been charged with fraud and false accounting. UBS, which is headquartered in Switzerland, provides investment banking, asset management, and wealth management services for private, corporate, and institutional clients worldwide, as well as retail clients in Switzerland. It operates in more than 40 countries and is considered to be the world`s second largest manager of private wealth assets.

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