



MARKETS

Credit Suisse Returns to Profit but Trading Weakness Remains

Swiss lender reports a weaker-than-expected performance in its trading unit



Tidjane Thiam, CEO of Swiss bank Credit Suisse. PHOTO: ENNIO LEANZA/SHUTTERSTOCK

By *Pietro Lombardi*

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Credit Suisse Group AG swung to a profit in the fourth quarter, despite weakness in its trading business, and posted its [first annual profit since 2014](#) following a three-year restructuring plan.

The results follow a sharp decline in the Swiss banking giant's share price over the past 12 months and an overhaul aimed at streamlining the investment-banking division and boosting its wealth-management business under Chief Executive Tidjane Thiam.

The bank closed 2018 with an annual profit of 2.06 billion Swiss francs (\$2.04 billion).

The Swiss bank's three straight annual losses through 2017 were brought on by restructuring charges, legal settlements and U.S. corporate tax changes.

Swiss banks more broadly have struggled as they continue a shift in their business models toward managing money for wealthy clients around the world. The costs associated with these changes have been exacerbated by [negative interest rates in Switzerland](#)—which have cost the banks more than 5 billion francs in the past four years—and tight regulatory requirements that have capped growth in parts of their businesses.

At Credit Suisse, net profit for the quarter was 292 million francs, the bank said Thursday, beating analysts' expectations. This compared with a net loss of 2.13 billion francs a year earlier, when a hit from U.S. tax reforms weighed on results. Revenue fell to 4.80 billion francs from 5.19 billion francs.

Like other European banks, Credit Suisse posted weak trading results. With a pretax loss of 193 million francs for the quarter, its global markets business missed expectations. Revenue in the unit also missed expectations.

It was the second quarterly pretax loss in a row for the unit, which missed its revenue target for 2018. Revenue performance is still far from the target, the CEO said, and the bank is working to improve it.

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Credit Suisse's strategy has increased stable, recurring revenue while shrinking market-dependent revenue and this will be recognized over time, Mr. Thiam said.






"With lower costs, lower risks and more capital than at the start of our restructuring in 2015, we believe that the bank is now well positioned to withstand challenging market conditions when they arise, to capitalize on positive trends in the world economy and to grow revenue and profits," he said.

Credit Suisse's Swiss universal bank unit, as well as its international wealth-management business, reported growing revenue and pretax profit, surpassing expectations. The investment-banking division's performance was also better than expected.

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