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MARKETS

Credit Suisse Posts Strong Profit, Boosted by Fund Platform Sale

Swiss banking giant warns that Brexit and U.S.-China trade tensions may make investors more cautious



Credit Suisse CEO Tidjane Thiam, pictured Wednesday in Zurich, said the bank had spoken with clients about switching from cash to other investments. PHOTO: STEFAN WERMUTH/BLOOMBERG NEWS

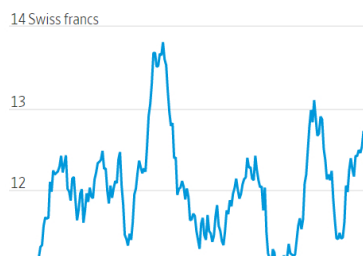
By *Julie Steinberg* and *Pietro Lombardi*

Updated Oct. 30, 2019 4:23 pm ET

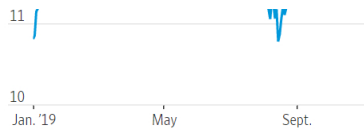
Credit Suisse Group AG [CS 1.16% ▲](#)'s third-quarter net profit more than doubled on the back of strong results in global markets and the sale of a fund platform, though results in its core wealth management units were weaker.

Net profit for the period rose to 881 million Swiss francs (\$887 million) from 424 million francs a year ago. Revenue grew 9% to 5.3 billion francs. Excluding the sale of its fund platform, revenues rose 2% and pretax income rose 21%.

Credit Suisse's share price



Shares of Credit Suisse in Switzerland fell 2.6%. The bank's performance in the third quarter was bolstered by an improvement in its more volatile sales and trading businesses, while results at the core wealth



Source: FactSet

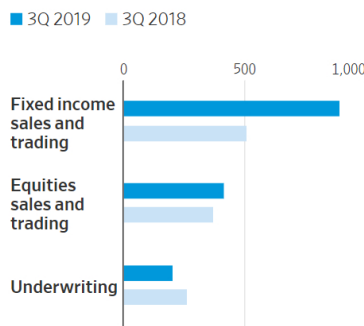
management units, which tend to produce more reliable revenues, missed expectations.

The results follow a scandal related to the surveillance of the bank's former wealth-management chief, Iqbal Khan, earlier this year. This led to the resignation of the bank's operating chief, a close deputy of Chief Executive Tidjane Thiam, who was cleared of involvement in a probe ordered by Credit Suisse.

Mr. Thiam said on a media call Wednesday that he hadn't "directly or indirectly" authorized the surveillance and that it was an isolated incident.

Credit Suisse, like other banks in Switzerland, is grappling with negative interest rates, which it is passing along to certain clients. Mr. Thiam said the bank has had conversations with clients about the levels of cash they are carrying and switching into other investments. The bank told its private banking clients in September that it would charge negative interest rates on more than 2 million francs in cash. The bank said it expected a seasonal slowdown in the final quarter of the year, due to the holiday season. Headwinds related to Brexit and U.S.-China trade tensions may make investors more cautious, it added.

Credit Suisse's global markets net revenue, in millions of Swiss francs



Source: the bank

The bank's global markets division swung to a 269 million franc pretax profit from a loss of 96 million francs. But total private bank pretax profit, excluding the gain from the fund platform sale, was 10% below consensus, Citigroup analysts said. Net new money across those units of 5.6 billion francs was also "slightly soft" versus consensus, they said.

One of the bank's units, its Swiss universal bank, had outflows of 600 million francs in the quarter, while net revenue from private clients in that unit was down 2%. Excluding the gain from the fund platform transaction, overall net revenues for the unit would also have been down 2% from a year earlier.

Analysts had expected the bank to report net profit of 770 million francs on revenue of 5.2 billion francs, according to a consensus forecast provided by the bank.

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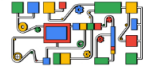
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