

Credit Suisse returns to profit

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The [FT](#) notes:

Credit Suisse surprised investors on Thursday with a sharp move into profit in the first quarter as investment banking restructuring began to bite and private banking earnings remained robust.

But profit is not what it used to be. Under IFRS profit is the change in the net worth of your balance sheet on a mark to market basis: it is not the result of your trading in the quarter.

So if you made incredibly harsh provisions (and most banks did) and then some of the provided for assets perform again you make a profit as a correction to the previous provision.

Under historic cost you wouldn't.

But when most people don't appreciate that this looks like a real profit.

I doubt it is. This is part of a false bounce as the value of taxpayer's funds injected into the market is capitalised. The pro-cyclical reporting cycle has begun again.