

WSJ



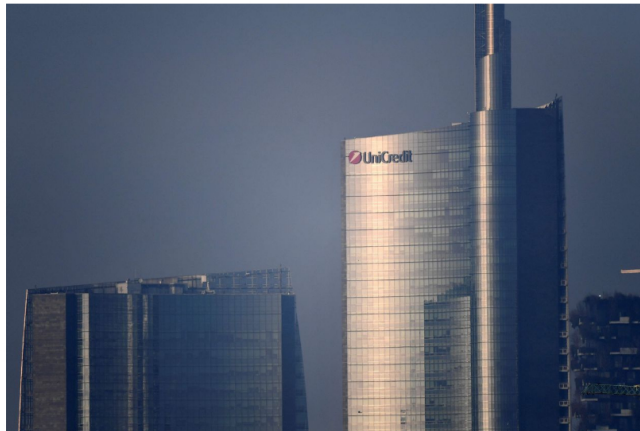
Get Membership Emails
Stay current on product updates, content
and your WSJ benefits.

Sign Up

MARKETS | FINANCE

UniCredit Results Beat Expectations Despite Swing to Loss

Shares jumped about 7% in reaction to the earnings news and higher dividend prospects



Unicredit's headquarters at the Porta Nuova district of Milan, Italy. PHOTO: MIGUEL MEDINA/AGENCE FRANCE-PRESSE/GETTY IMAGES

By [Giovanni Legorano](#) and [Pietro Lombardi](#)

Updated Feb. 6, 2020 9:06 am ET

SAVE PRINT TEXT

UniCredit [UNCF](#) **4.08%** ▲ SpA, Italy's largest bank, posted better-than-expected results for the fourth quarter of 2019, although it swung to a net loss for the period largely due to one-off costs and provisions.

The bank also said it may return a bigger share of profits to shareholders in the coming years.

Shares jumped about 7% in reaction to the better results and higher dividend prospects.

"We see only positive news from this set of results: better than expected fourth-quarter results, stronger capital base, and possible upward revision of the dividend policy," Banca IMI analyst Manuela Meroni said.

RELATED STORIES

- [Deutsche Bank Shares Rally on Capital Group Stake](#)

sold soured loans worth billions of euros.

The overhaul included the sale of number of assets including Polish lender [Bank Pekao SA](#) and asset management firm Pioneer

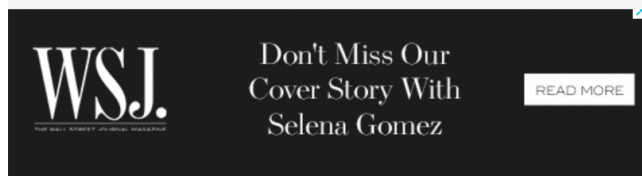
The results served as a capstone to a strategic plan the bank launched to tackle a number of issues, including a large pile of bad loans. Under the strategy, it cut costs and

RECOMMENDED VIDEOS

1. [The Electric-Vehicle Road Test](#)



Investments. More recently, it sold its stakes in online lender [FinecoBank SpA](#) and in [Mediobanca SpA](#).



Earlier on Thursday it completed the sale of a 12% stake in Yapi ve Kredi Bankasi AS via an accelerated bookbuilding. It now owns 20% of the Turkish lender and will book a loss on the sale of €820 million (\$906.1 million) in the first quarter of this year.

In December the lender unveiled a new four-year plan under which it pledged share buybacks and dividend increases, as well as job and cost cuts.

The margins it makes on lending have also been affected by lower lending volumes due to sluggish economic growth in key markets such as Italy.

The bank compensated the declining revenue on loans with higher fees and commissions and lower costs.

The loss for the fourth quarter was €835 million, better than the €1.10 billion loss analysts had forecast, according to a consensus provided by the bank. This compares with a profit of €1.99 billion a year earlier when an extraordinary tax effect boosted results.

On an underlying basis, net profit rose almost 69%.

The payout ratio could increase to 50% of underlying earnings starting this year and extraordinary capital distribution in 2021 or 2022 or both years will also be considered. The plan presented in December guided for capital distribution of 40% through 2022.

Revenue rose 3.4% to €4.85 billion, boosted by fees and trading income, also topping expectations of €4.66 billion.

Fees rose 5.1% while trading income more than doubled. This offset a 7.3% fall in net interest income—the difference between what lenders earn from loans and pay for deposits, and which is a key profit driver for retail banks.

The results for the quarter were hit by a number of one-offs, including restructuring costs in Germany and Austria, costs related to the sale of a stake in Turkish bank Yapi Kredi, and provisions for bad loans.

Write to Giovanni Legorano at giovanni.legorano@wsj.com and Pietro Lombardi at Pietro.Lombardi@dowjones.com

2. People Without Coronavirus Say Wuhan Doctors Too Busy for Them
3. Rush Limbaugh Receives Presidential Medal of Freedom
4. Trump Touts Economic Achievements in State of the Union
5. President Trump Acquitted by Senate

MOST POPULAR ARTICLES

1. Senate Acquits Trump on Both Impeachment Articles
2. 98.6 Degrees Fahrenheit Isn't the Average Anymore
3. Macy's to Close 125 Stores, Exit Weakest Malls
4. U.S. Troops in Standoffs With Russian Military Contractors in Syria
5. Homeland Security Suspends Enrollment of New Yorkers in Global Entry

WSJ MEMBER MESSAGE: NEWSLETTER

CMO Today

A look at the most important stories of concern to media and marketing professionals.

[SIGN UP](#)

reference our community guidelines. Email feedback and questions to moderator@wsj.com.

JOIN THE CONVERSATION

WHAT TO READ NEXT...

MARKETS

UniCredit to Cut 8,000 Jobs, Launch Buyback



LATIN AMERICA

Trump Meets With Venezuela Opposition Leader Guaidó at White House



Independent of The Wall Street Journal newsroom

INDUSTRIES

Tesla 'off the accelerator' as stock takes worst stumble in 7 years

MarketWatch



CFO JOURNAL

Anheuser-Busch InBev CFO Felipe Dutra to Step Down



REVIEW & OUTLOOK

Opinion | James Madison 1, Nancy Pelosi 0



MARKETS

Credit Suisse Shareholders Pressure Chairman to Support CEO in Spying Scandal



MANSION GLOBAL ARTICLE

Pair of Los Angeles Megamansions Sell for \$75.5 Million

President Trump Denounces 'Terrible Ordeal' of Impeachment



Why So Few CEOs Are Women: 'You Can Have a Seat at the Table and Not Be a Player'



Sc to ar

Department Stores, Exit Weakest Malls



MORE FROM: WSJ

Opinion: Nancy Pelosi's 'Trump' Trilogy

Shale Gas Swamps Asia, Pushing LNG Prices to Record Lows



Mattress Seller Casper Prices IPO at Low End of Expected Range



M.B.A. Programs Rush to Add STEM Degrees



U.S. Troops in Standoffs With Russian Military Contractors in Syria



Homeland Security Suspends Enrollment of New Yorkers in Global Entry



China Logs Deadliest Day for Coronavirus as U.S. Plans Last Flights From Wuhan



SPONSORED OFFERS

NIKE:
40% off newly-added shoes & apparel at Nike

EBAY:
Extra 15% off on \$25+ Samsonite orders using eBay coupon

TURBOTAX:
TurboTax discount for Self-

HOTELS.COM:
Exclusive Hotels.com coupon code: 40% + extra 8% off hotel stays

MACY'S:
Valentine's offer: Extra 20% fine jewelry with Macy's promo code

VIMEO:
Vimeo promo code: 10% off Vimeo

WSJ Membership

- WSJ+ Membership Benefits
- Subscription Options
- Why Subscribe?
- Corporate Subscriptions
- Professor Journal
- Student Journal
- WSJ High School Program
- WSJ Amenity Program

Customer Service

- Customer Center
- Contact Us

Tools & Features

- Emails & Alerts
- Guides
- My News
- RSS Feeds
- Video Center
- Watchlist
- Podcasts

Ads

- Advertise
- Commercial Real Estate
- Place a Classified Ad
- Sell Your Business
- Sell Your Home
- Recruitment & Career Ads

More

- About the Newsroom
- Corrections
- Jobs at WSJ
- Masthead
- News Archive
- Register for Free
- Reprints
- Buy Issues

MORE FROM WSJ



Opinion: Nancy Pelosi's 'Trump'



- Dow Jones Products
- Barron's
- BigCharts
- Dow Jones DNA
- Dow Jones Newswires
- Factiva
- Financial News
- Mansion Global
- MarketWatch
- Private Markets
- realtor.com
- Risk & Compliance
- Venturesource
- WSJ Conference
- WSJ Pro Centre

Privacy Notice [Updated Jan 23, 2020](#) | Cookie Notice [Updated Jan 23, 2020](#) | Copyright Policy | Data Policy | Subscriber

Copyright ©2020 Dow Jones & Company, Inc. All Rights Reserved.

MORE FROM WSJ



Opinion: Nancy Pelosi's 'Trump' Trilogy