

# THE WALL STREET JOURNAL.

English Edition | November 8, 2019 | Print Edition | Video

Pietro Lombardi ▼

EXPLORE THE APP

Home World U.S. Politics Economy Business Tech **Markets** Opinion Life & Arts Real Estate WSJ. Magazine



## MARKETS

### Santander Takes \$1.7 Billion Charge on U.K. Business Amid Brexit Uncertainty

Charge comes as ultralow interest rates make lending less profitable for Europe's banks



Santander reported a 18% drop in second-quarter net profit. PHOTO: JESUS MERIDA/ZUMA PRESS

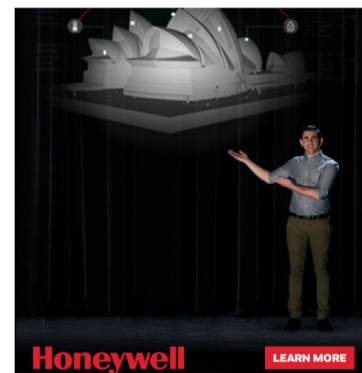
By *Pietro Lombardi* and *Patricia Kowsmann*

Sept. 25, 2019 7:03 am ET

Spanish banking giant [Banco Santander SA](#) **SAN 1.70%** ▲ will book a roughly €1.5 billion (\$1.7 billion) charge over its U.K. business that has been hit by Brexit and changes in banking regulation.

The impairment charge comes during a challenging period for Europe's banks as ultralow interest rates make lending less profitable. Political turmoil surrounding the [U.K.'s exit from the European Union](#) is adding to the uncertainty, particularly for lenders like Santander with large U.K. operations. Santander reported a 18% drop in second-quarter net profit over restructuring costs at home and a squeeze on U.K. mortgage margins.

The lender said the charge was mostly due to a challenging regulatory environment, mentioning the negative impact of "ringfencing" rules, under which U.K. lenders must separate retail banking from riskier investment-banking operations. By separating the businesses, many costs have been duplicated.



The rules, which were imposed on banks following the financial crisis, have also increased competition on mortgage lending in the U.K. because banks with both retail and investment banking operations had to stop using retail deposits to spur their business for corporate clients. As a result, several banks have diverted the liquidity into mortgage lending. Santander, which also has big operations in Brazil, is focused on retail banking.

“While ringfencing reforms and Brexit have impacted profitability in the U.K., it remains a critically important market, in which the group is investing significantly to service our customers and to continue to compete,” the bank’s executive chairman, Ana Botín, said.

The British economy contracted in the second quarter as uncertainty over the country’s planned departure from the European Union on Oct. 31 hurt business confidence. Since then, uncertainty over the U.K.’s relationship with the EU has deepened further.






Santander said the impairment charge will be reported in its third-quarter results. The bank said its core capital ratio won’t be affected.

Shares of Santander followed the broader banking sector and were down 2.4% at about noon Wednesday. The impairment charge was announced after the market closed Tuesday.






The lender will pay the first of two annual dividend payments starting in November. Shareholders will get €0.10 a share in cash.

**Write to** Pietro Lombardi at [Pietro.Lombardi@dowjones.com](mailto:Pietro.Lombardi@dowjones.com) and Patricia Kowsmann at [patricia.kowsmann@wsj.com](mailto:patricia.kowsmann@wsj.com)

## MOST POPULAR VIDEOS

1. YouTube Grapples With Digital Political Ad Dilemma 
2. China Woos Foreign Companies While Serving Its Own Agenda 
3. Opinion: Eric Holder’s Redistricting Committee Takes Virginia 
4. American Women and Children Killed in Mexico Highway Attack 
5. Huawei CEO: ‘We Can Survive Without the U.S.’ 

## MOST POPULAR ARTICLES

1. Saudis Back Travis Kalanick’s New Startup 
2. Michael Bloomberg Preparing to Enter 2020 Democratic Race 
3. How Google Edged Out Rivals and Built the World’s Dominant Ad Machine: A Visual Guide 
4. His World Collapsed the Night the Berlin Wall Fell. Then Came the Hard Part. 
5. China Says Tariffs Will Go, but U.S. Doubts Remain 

### WHAT TO READ NEXT...



HEARD ON THE STREET  
**Square's Cleanup Still Leaves Questions**



ELECTION 2020  
**The Moments That Mattered at Iowa's Democratic Dinner**



BEST OF THE WEB  
**Opinion | So Much for 'Whistleblower' Coverage at ABC and CBS**



ASIA  
**The Single Biggest Shopping Day? Nov. 11, in China**



MARKETS  
**WSJ News Exclusive | Santander Takes Stake in U.K. Payments Company**



*Independent of The Wall Street Journal newsroom*  
INVESTING  
**Tesla's first-mover advantage over rival car makers should only get bigger**  
*MarketWatch*



MANSSION GLOBAL ARTICLE  
**'Iron Man'-Inspired 'Razor House' Sells for \$20.8 Million**

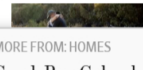
As WeWork Grew, Wall Street Lent It Money and Credibility



Not So Fast, Mr. Trump! Relocating to a Low-Tax State Is Hard to Do



Blackouts, Fires, High Gas Prices in  
Heavily  
Rural  
Dominant Ad machine: A Visual Guide



MORE FROM: HOMES  
**Good-Buy Columbus**

Ukraine Company's Campaign to Burnish Its Image Stretched Beyond Hunter Biden



Should Your Cat Be Vegan?



Why It Might Pay to Delay Planning Holiday Travel



Pence Europe Adviser Says Political Aspect of Ukraine Call Surprised Her



In Divided Hong Kong, Apps Help to Avoid Eating With the Enemy



California Enjoys Respite From Fires, But More Danger Looms



BACK TO TOP ↗

- WSJ Membership
- WSJ+ Membership Benefits
- Subscription Options
- Why Subscribe?
- Corporate Subscriptions
- Professor Journal
- Student Journal
- WSJ High School 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
- News Archive
- Register for Free



MORE FROM: HOMES  
**Good-Buy Columbus**



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 Central Banking | WSJ Video | WSJ Wine

Corporate Subscriptions | Privacy Policy | Cookie Policy | Copyright Policy | Data Policy | Subscriber Agreement & Terms of Use | Your Ad Choices  
Professor Journal | RSS Feeds | Sell Your Business  
Student Journal | Video Center | Recruitment & Career Ads | News Archive  
WSJ High School Program | Watchlist | Podcasts | Register for Free

