

July 2007

Code of Ethics
For Chief Executive Officer and Senior Financial Officers
of Sovereign Bancorp, Inc.
and Sovereign Bank

It is the policy of Sovereign Bancorp, Inc. that the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), Chief Accounting Officer ("CAO") and Controller (collectively, the "Senior Financial Officers") of each of Sovereign Bank and Sovereign Bancorp, Inc. (hereinafter sometimes collectively referred to as "Sovereign" or the "Company") adhere to and advocate the following principles governing their professional and ethical conduct in the fulfillment of their responsibilities:

1. Act with honesty and integrity, avoiding actual or apparent conflicts between his or her personal interests and the interests of Sovereign, including receiving improper personal benefits as a result of his or her position at Sovereign.
2. Perform responsibilities with a view to causing Sovereign's reports and other documents filed with the SEC and Sovereign's other public communications to contain information which is timely, accurate, complete, fair and understandable.
3. Comply with laws of federal, state, and local governments applicable to Sovereign, and the rules and regulations of private and public regulatory agencies having jurisdiction over Sovereign.
4. Act in good faith, responsibly, with due care and diligence, without misrepresenting or omitting material facts or allowing independent judgment to be compromised.
5. Respect the confidentiality of information acquired in the course of the performance of his or her responsibilities, except when authorized or otherwise legally obligated to disclose such information, and to not use confidential information acquired in the course of the performance of his or her responsibilities for personal advantage.
6. Proactively promote ethical behavior among subordinates and peers.
7. Use corporate assets and resources employed or entrusted in a responsible manner.
8. Do not use corporate information, corporate assets, corporate opportunities or one's position with Sovereign for personal gain. Do not compete directly or indirectly with Sovereign.
9. Advance Sovereign's legitimate interests when the opportunity arises.

It is also the policy of Sovereign that the Senior Financial Officers acknowledge and certify to the foregoing annually and file a copy of such certification with each of the Audit Committee and Nominating Committee of the Board.

The Nominating Committee shall have the power to monitor, make determinations, and recommend action to the Board with respect to violations of this Code, except for paragraph 2, 3 and 4 with respect to which the Audit Committee shall have such power.

Any Senior Financial Officer who violates this Code is subject to applicable disciplinary action including termination. Sovereign also preserves and reserves its other rights and remedies against any Senior Financial Officer who violates any provision of this Code.