



Sovereign



Santander

SOVEREIGN BANCORP

CODE OF CONDUCT AND ETHICS

BOARD APPROVED 9/29/09

**SOVEREIGN BANCORP, INC.
CODE OF CONDUCT AND ETHICS**

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SOVEREIGN BANCORP, INC. and SOVEREIGN BANK CODE OF CONDUCT AND ETHICS

I. INTRODUCTION

It is the policy of Sovereign Bancorp, Inc. and Sovereign Bank (collectively, "Sovereign") that, at all times, Directors and Team Members (each as defined below) shall adhere to and obey laws, rules, and regulations of local, state, and Federal authorities applicable to the business of Sovereign.

It is Sovereign's belief that there are no greater selling points for a business corporation than high corporate and individual conduct, quality service and sound judgment. Personal honesty and corporate integrity are high priorities of Sovereign. Whether a Director or Team Member, it is each person's responsibility to maintain the highest standards of professional and ethical conduct which is essential in preserving Sovereign's integrity in the community. Each person has a fundamental duty to avoid placing him or herself in a position which creates, or which leads to, or could lead to, a conflict of interest, the appearance of a conflict of interest or takes any action which jeopardizes his or her own or anyone's safety in the workplace.

Directors and Team Members have an affirmative duty to promote and advance the interests of Sovereign. Each individual should be concerned with the welfare of customers as well as shareholders of Sovereign.

Sovereign requires ethical behavior of its Directors and Team Members. A Team Member is encouraged to talk with his or her supervisor, manager or other appropriate personnel when in doubt about a best course of action in a particular situation from an ethical perspective. Additionally, any Director or Team Member who is charged or accused in any criminal proceeding or charged or accused of fraud or dishonesty in any other legal or administrative proceeding should notify the Compliance Department as soon as possible.

It is the responsibility of Directors and Team Members to report violations of laws, regulations, or this Code of Conduct and Ethics (this "Code") using the processes described in this Code. Sovereign will not permit retaliation against Team Members for reports made in good faith.

II. CONFLICTS OF INTEREST

A. Introduction

Sovereign must have the confidence of its customers and the public. Directors and Team Members must avoid conflicts of interest or the appearance of conflicts of interest, as discussed below.

For purposes of this Code, a "conflict of interest" occurs when an individual's private interest interferes or appears to interfere in any way with the interests of Sovereign as

a whole. A conflict situation can arise when a Team Member or Director takes actions or has interests that may make it difficult to perform his or her team member responsibilities objectively and effectively. Ordinarily, a conflict exists when an outside interest could actually or potentially influence the judgment or actions of an individual in the conduct of Sovereign's business. Conflicts of interest may also arise when a Team Member or Director or a member of his or her family receives improper personal benefits as a result of his or her position in Sovereign¹. Conflicts of interest are prohibited under this Code, and are further discussed below.

B. Avoidance of Appropriation of Corporate Opportunity

Directors and officers of Sovereign stand in a fiduciary relationship to Sovereign. It is a breach of this duty for any such person to take advantage of a business opportunity for his or her own or another person's personal profit or benefit when the opportunity is within the corporate powers of Sovereign, and when the opportunity is of present or potential practical advantage to Sovereign (including activities that may be competitive with Sovereign's business), unless Sovereign's Board knowingly elects not to avail itself of such opportunity and such person's participation in the opportunity is approved in advance by the Board. If such a person so appropriates such an opportunity, Sovereign may claim the benefit of the transaction or business and such person exposes himself or herself to liability in this regard.

In addition, except as permitted under Section III of this Code, no Director or Team Member may take for himself or herself personally, opportunities that he or she discovers through the use of Sovereign's property, information or position for their personal gain, unless approved in advance under this Code.

C. Serving as a Director, Officer or Employee of a Non-Sovereign For Profit Business

Generally, Directors and Team Members are prohibited, absent approval or a waiver under this Code, from serving as a director, officer or employee of another unaffiliated bank, thrift, trust or depository institution. Team Members are prohibited from performing any other service as a director, officer or employee of a non-Sovereign, for-profit business that is or appears to be in conflict with the interests of Sovereign. Typically, this could include, but need not be limited to, owning, operating or working for an organization in competition, directly or indirectly, with Sovereign.

Before a Team Member begins serving as an officer, director or employee of a for-profit business, which employment may be in conflict with the interests of Sovereign, the Team Member must discuss the proposed service with his or her immediate supervisor, who will make a determination regarding the potential for conflict of interest. If the supervisor determines that the service may involve a conflict of interest or the appearance of a conflict of interest or may ultimately interfere with the Team

¹ Accepting things of value in accordance with Part III of the Code shall not constitute the receipt of improper personal benefits.

Member's ability to carry out his or her business responsibilities to Sovereign, the Team Member wishing to pursue the proposed service must then disclose to his or her Human Resources Corporate Business Director or Human Resources Business Director the exact nature of the contemplated activity. The Team Member shall make this disclosure on the form approved for this purpose. The Human Resources Manager, in consultation with the Compliance Department, if necessary, will make the determination concerning whether the outside activity is prohibited.

Directors who accept appointments to serve as directors, officers or employees outside of Sovereign shall, in cases where such appointments have not previously been disclosed, promptly disclose such appointment to the Board of Directors and otherwise comply with any limitation on such service approved from time to time by the Board of Directors.

If a Team Member is permitted to serve as a director, officer, owner or employee of any non-Sovereign for-profit business, then the Team Member acting in such a dual capacity must inform the applicable Sovereign management, committee or board of any potential conflict of interest that arises at any time and, if warranted, abstain from any discussion or vote arising from this situation, or, if requested by Sovereign management, the Team Member will resign from the position with the non-Sovereign business or otherwise terminate his/her affiliation with the non-Sovereign business.

D. Political Activities

No Team Member, acting on Sovereign's behalf, may contribute or loan money or items of value to any foreign, federal, state or local political candidates or parties. This prohibition includes the use of any Sovereign facilities, equipment, supplies, personnel or name. This prohibition also includes using Sovereign funds to purchase tickets to political dinners and/or fundraisers. Team members may, however, participate and /or contribute to the political process as concerned individuals, through means that would include voting and the contribution of their own time and money, and participation in or contributions to political action committees.

Team Members considering running for election to public office must discuss such a matter in advance with their supervisors to assure that their responsibilities at Sovereign are not compromised. This Code does not prohibit consideration for personal leaves of absence by Team Members to pursue elected or appointed governmental positions. Requests for personal leaves of absence will be considered and administered as set forth in the Team Member Handbook.

E. Referrals of Customers to the Bank by Insiders

From time to time, various individuals, including Directors, Team Members and advisors to Sovereign, including outside counsel, who are deemed to be Sovereign "insiders" may refer potential borrowers to the Bank. Under no circumstance is such a referred potential borrower to be given preferential treatment of any kind with regard to rates or customer service or any other favored attention that is beyond that given to

any other customer.

F. Fair Dealing

Each Team Member must endeavor to deal fairly with Sovereign's customers, suppliers, competitors and other Team Members. No Team Member shall take unfair advantage of anyone through manipulation, concealment, abuse of privileged or confidential information, misrepresentation of material fact, or any other unfair-dealing practice. More specific discussion follows:

1. Relationships with Competitors

- (a) Providing the best possible service to our customers is the most effective means of competing. Except in situations where Sovereign is participating in a transaction with another institution, no director or Team Member shall have any agreement, understanding or arrangement with any competitor with respect to pricing of services, interest rates or marketing policies and in those permitted situations, all such agreements must be reviewed by the Company's Legal Department or outside counsel. Sovereign will refrain from inaccurately representing the products and services of its competitors.
- (b) No Director or Team Member shall reveal any trade secrets of Sovereign or any of Sovereign's other confidential or proprietary information.
- (c) Each Director and Team Member has a fiduciary responsibility to take care that no information that is deemed confidential as to Sovereign or its customers is disclosed to competitors.

2. Relationships with Customers

- (a) Team Members shall act in a professional manner at all times when representing Sovereign. In dealing with Sovereign's customers, Team Members shall use prudent judgment and exercise good faith. Team Members shall avoid situations that would generate a conflict of interest. Transactions with customers shall always be conducted at "arms length."
- (b) No Team Member shall misrepresent, circumvent or conceal the nature of any material aspect of any transaction when dealing with a customer.
- (c) Neither Directors nor Team Members shall take advantage of their position with Sovereign to attain investment or participation in a customer's business unless approved as provided in this Code. Neither

Directors nor Team Members shall participate or invest in a business of a customer or participate in a joint venture with a customer if the Director or Team Member has access to information regarding the customer which is not publicly available or which would constitute an unfair advantage owing to the Director's or Team member's position with Sovereign.

- (d) Unless prior written authorization is given by the Compliance Department, no person subject to the Code may personally accept fiduciary commitments, mandates, or powers of attorney from customers, except in the case of family members.
- (e) Persons subject to the Code should avoid customer relations involving exclusivity which could lead to an excessive personal link or restrict the access of other Sovereign employees or channels to such customer.
- (f) On no account may a person subject to the Code encourage the execution of a transaction by one customer in order to benefit another, unless both customers are aware of their different positions and expressly agree to undertake the transaction in question.
- (g) Customers should be informed of any economic or other type of linkage that could involve a conflict of interest with them.
- (h) If a relationship between a Team Member and a customer or a potential customer exists which potentially creates a conflict of interest, that Team Member shall remove himself/herself from all dealings with that customer.
- (i) Persons subject to the Code shall abstain from participating in transactions of any type that are linked or related in any way to their personal or family interests.
- (j) No Team Member shall knowingly allow or encourage a customer to state false information on a loan application or other bank form or document, or to structure a banking transaction in violation of, or with intent to circumvent the requirements of, the Bank Secrecy Act.
- (k) Team Members' relationships with loan applicants are more fully set forth in Section IV.B.3 of this Code.
- (l) From time to time, Team Members are asked to recommend to customers or others, professional services, such as those of real estate or insurance agents, stock brokers, attorneys or accountants. Specific recommendations of this type shall be avoided. Several names or agencies may be given as alternatives for the customer to consider, without any indication of preference.

- (m) From time to time, Team Members may be requested to advise a customer as to the legality, tax or accounting treatment of a transaction. Any discussion which could be interpreted as the giving of legal, tax or accounting advice to customers must be avoided.
- (n) Customers should only be offered those products or services that are consistent with their characteristics and needs.
 - (i) Team Members shall inform customers impartially and accurately as to the different products and services, explaining all the most important features and warning them of the applicable risks, expenses, and commissions, especially in the case of high-risk financial products. Any forecast or prediction should be reasonably justified and accompanied by the necessary explanations in order to avoid misunderstandings.
 - (ii) Team Members shall avoid the signing-up of products or services with the sole aim of generating commissions or income and without any benefit for the customer.
 - (iii) Team Members shall ensure that the signing-up of products and services is done in the manner established by internal procedures, obtaining and safeguarding the documentation required and giving a copy to the customer where applicable.

3. Relationships with Suppliers

- (a) Persons subject to the Code, especially those participating in decisions concerning the contracting of supplies or services or the establishing of the economic conditions of such, shall avoid any type of interference or influence that could affect their impartiality or objectivity in such respect.
- (b) Whenever possible, relations involving exclusivity should be avoided.
- (c) The contracting of external supplies and services shall be undertaken according to the procedures established in each case.

4. External Relations

- (a) The participation of persons subject to the Code as trainers in external courses or seminars will require prior authorization from the head of the area in which such person works.
- (b) Persons subject to the Code shall abstain from transmitting to the media any information or news concerning Sovereign or third parties, always referring such matters to Corporate Communications.
- (c) Persons subject to the Code shall avoid the spreading of comments or

rumors.

- (d) Any offer, favor, compensation, or courtesy to public officials or employees of official authorities which could be considered as linked to the purpose of obtaining profit or obtaining business from such persons is forbidden.

G. Sale of Sovereign Properties

Directors and Team Members shall enjoy no advantage over the general public in the purchase of any Sovereign properties including real estate, automobiles, securities or any other real or personal properties. The terms and conditions of any transactions with Directors or Team Members shall not be less favorable to Sovereign than those offered to others. Properties shall be sold in accordance with normal business practices.

H. Selling Assets or Services to Sovereign

Directors and Team Members shall enjoy no advantage over the general public in the sale of assets or services to Sovereign. The terms and conditions of any transactions with Directors or Team Members shall not be less favorable to Sovereign than those offered by others. Services and assets shall be purchased in accordance with normal business practices.

I. Loan and Deposit Transactions

Team Members are prohibited from approving or performing transactions or file maintenance involving their own deposit or loan accounts or any deposit or loan accounts involving their Immediate Family Member* or any affiliated business relationships.

J. Receipt of IPO shares by Directors, Executive Officers and Their Immediate Families

No Director or Executive Officer, nor any Immediate Family Member* of a Director or Executive Officer shall:

1. accept an allocation of, or purchase shares of an Initial Public Offering ("IPO") from any underwriter of whom Sovereign is or has been within the past five (5) years an investment banking client; or,
2. accept an allocation of, or purchase shares of an IPO from any other underwriter without first obtaining from the Audit Committee written approval of the proposed allocation or purchase. The process for seeking such prior approval is described in Section I.B.4 (a) (i) of this Code.

* "Immediate Family Member" means a member of your immediate family and includes your spouse, domestic partner, parents, children, siblings, mothers and fathers-in law, sons and daughters-in law, brothers and sisters-in law and anyone

(other than domestic employees) who lives in your household.

III. INTEGRITY AND OTHER CONSIDERATIONS

A. Accepting things of Value

1. Federal Law

The solicitation of and acceptance of things of value in connection with any business or transaction of the Bank is generally prohibited by the Bank Bribery Amendments Act of 1985 (18 U.S.C. § 215(a)). Violations of this of this law can result in fines and imprisonment. The policy set forth herein to comply with such law is applicable to all Directors, Team Members, agents or attorneys of Sovereign.

2. Soliciting and Accepting Things of Value

(a) You may not solicit or accept for yourself or for a third party anything of value (which includes, but is not limited to, any gift, meal, favor, service, entertainment, legacy or other thing) from anyone in return for any business, service or confidential information of the Sovereign.

(b) You may not accept anything of value from anyone in connection with the business of the Sovereign other than *bonafide* salary, wages, fees or other compensation paid in the usual course of business.

3. Permitted Transactions

The following transactions are permitted and shall be considered an exception to the general prohibition against acceptance of things of value:

(a) Acceptance of gifts, gratuities, amenities or favors based on family or personal relationships (such as those with parents, children or spouse) when the circumstances make it clear that it is those relationships, rather than the business of the Sovereign, that are the motivating factors;

(b) Acceptance of meals, refreshments, travel arrangements or accommodations, or entertainment, all of reasonable value, in the course of a meeting or other occasion, the purpose of which is to hold *bonafide* business discussions or to foster better business relations, provided that the expense would be paid for by the Sovereign as a reasonable business expense if not paid for by another party;

(c) Acceptance of loans from other financial institutions on customary terms to finance proper and usual activities, such as home mortgage loans, except where prohibited by law;

(d) Acceptance of advertising or promotional material of reasonable value such as pens, pencils, note pads, key chains, calendars and similar items;

(e) Acceptance of discounts or rebates on merchandise or services that do not exceed those available to other customers;

(f) Acceptance of gifts of reasonable value related to commonly recognized events or occasions, such as a promotion, new job, wedding, retirement or traditional holidays; or

(g) Acceptance of civic, charitable, education, or religious organizational awards for recognition of service and accomplishment.

4. Approvals

Circumstances beyond those described above in Section III.A.3 may be given written approval on a case-by-case basis where something of value is accepted in connection with Sovereign business. However, such approval will require full written disclosure and the approval must be consistent with the Bank Bribery Amendments Act.

5. Disclosure

If you are offered or receive something of value beyond what is authorized herein, you should disclose fully that fact in writing in accordance with the reporting directions herein.

6. Disposition

If it is determined that something of value has been received in violation of this Code, it will be returned to the donor. If return is not possible, depending on the circumstances, any such items of value will be turned over to a charitable institution. If possible, the donor will be informed of this disposition.

7. Common Sense

The purpose of this Code is to avoid violations of law and to insure that Sovereign's business is safeguarded from undue influence of bribery and personal favors. Whenever you have dealings with persons who have business with Sovereign, the requirements of the law must be kept in mind. Necessarily, the application of the Code will require good judgment and common sense. If you encounter situations in which you are not sure of your obligations, you should consult Sovereign's Compliance Department.

8. Violations

Acceptance of things of value which are not otherwise permitted herein is a violation of federal criminal law under the Bank Bribery Amendments Act (18 U.S.C. §215) and such violation is punishable by fines and imprisonment.

9. Unrelated Business Relationships

You may have individual business and personal relationships with Sovereign's customers, vendors and others who do business with Sovereign even though such individual business and personal relationship is not connected with Sovereign's business. This Code is not intended to forbid such relationships. Any such business relationship should be on customary terms and for proper and usual purposes. However, you should not solicit any special favors in recognition of your relationship with Sovereign.

B. Illegal Kickbacks

Illegal kickbacks are improper payments to any party for the referral of business and are strictly prohibited.

C. Accuracy of Records

Team Members shall always adhere to established accounting rules and audit controls. All records shall accurately reflect transactions in a timely manner. Incorrect or misleading entries shall be corrected immediately. Falsification of records or transactions shall be grounds for termination.

In accordance with the rules promulgated by the SEC under the Sarbanes-Oxley Act of 2002, it shall be unlawful for any officer or Director of Sovereign or any other person acting under the direction thereof, to take any action to fraudulently influence, coerce, manipulate, or mislead any independent public or certified accountant engaged in the performance of an audit of Sovereign's financial statements for the purpose of rendering such financial statements materially misleading.

D. Cooperation with Investigations and Inquiries

1. It is the policy of Sovereign to cooperate with legitimate, duly authorized investigations and inquiries. It is the duty of every Director and Team Member to provide cooperation and information as required in responses to lawsuits, governmental, regulatory, and Sovereign's internal investigations and inquiries.
2. All Directors and Team Members shall promptly and honestly respond to legitimate inquiries by bank examiners, auditors, legal counsel, security personnel and other properly authorized persons. The concealment of pertinent information by Directors or Team Members is prohibited.

E. Preservation of Records

Whenever a Team Member becomes aware of an investigation which affects Sovereign, he or she shall immediately notify Sovereign's General Counsel or Manager of Litigation. Under no circumstances shall any records known to be the subject of or germane to any anticipated, threatened or pending law suit or

governmental or regulatory investigation or case filed in bankruptcy be removed, concealed or destroyed. For purposes of this section, "records" means any of hard copy, paper documents and electronic records, including but not limited to, e-mail, voicemail, and the contents of hard discs.

Furthermore, all audit and audit review work papers shall be retained as required, in accordance with the rules promulgated by the SEC under the Sarbanes-Oxley Act of 2002.

F. Advertising, Marketing and Corporate Communications

Sovereign shall adhere to the highest standards of financial advertising in compliance with all applicable laws and regulations. Advertising shall be truthful and shall contain enough information about products or services that the intended audience can be expected to make an intelligent purchase based upon the advertisement.

IV. LOANS

A. Team Member loans from other sources

Team Members and Directors generally are prohibited from borrowing any money from customers or suppliers of Sovereign unless those customers or suppliers are their Immediate Family Members. Any borrowing by Team Members and Directors under any other circumstances that appear inappropriate or potentially embarrassing also is prohibited. However, nothing in this Code shall preclude any Team Member from obtaining loans from another financial institution, provided that such loans are, under all facts and circumstances, at fair market value and at terms no more favorable to the Team Member or Director than those available to the general public.

B. Loans from Sovereign

1. Sovereign may not, directly or indirectly, including through any subsidiary, extend or maintain credit, to arrange for the extension of credit, or renew an extension of credit in the form of a personal loan to or for any Director or Executive Officer unless permitted by law. Loans from the Bank are subject to the provisions of 12 C.F.R. 563.43 (which applies the restrictions of the Federal Reserve Board's Regulation O to loans to insiders by savings associations), Sovereign's Regulation O Policy, the provisions of the Team Member Loan Policy, other lending policies, and other applicable provisions of law, all of which are incorporated herein by reference.
2. **All other Team Members** are subject to the provisions of Sovereign Bank's Team Member Loan Policy.
3. **Bank loans to customers**
 - (a) At no time shall any Team Member represent that he/she has the authority to approve any application or commit or bind the Bank in any manner unless specific lending authority has been conferred upon him or her by the bylaws

of the Board of Directors of Sovereign Bank.

- (b) No Team Member shall, in connection with or incidental to the making of a mortgage loan, require or permit the mortgage instrument or bond or note to be signed by a party to the transaction if the instrument contains any blank spaces to be filled in after it has been signed, except blank spaces relating to recording. Permitting a loan applicant to sign any document before it is properly completed is strictly prohibited.
- (c) Sovereign shall not discriminate against any applicant regarding any aspect of a credit transaction on the basis of race, color, religion, national origin, sex, marital status, or age (provided that the applicant has the capacity to enter into a binding contract), the fact that all or part of the applicant's income derives from any public assistance program or the fact that the applicant has in good faith exercised any right under the Consumer Credit Protection Act or any applicable state law, as more fully set forth in the Bank's Fair Lending (Nondiscrimination) Policy.
- (d) In underwriting loans, Team Members shall use integrity in evaluating the completeness and accuracy of the loan files to determine that the borrower is able to repay the mortgage debt and the collateral property is of sufficient value to justify the loan amount.
- (e) No Team Member shall bring pressure on an appraiser to reach a value necessary to qualify the property/borrower.
- (f) Loans ready to close during the commitment period must close at the terms agreed upon by the parties. A Team Member shall not seek to delay a loan closing in anticipation of the expiration of stated rates and other terms.
- (g) No Team Member shall quote unavailable interest rates or unavailable loan terms to prospective loan applicants.
- (h) A Team Member shall make full disclosure of any personal interest they may have in a loan, project, or property that is the subject of a loan application.
- (i) The Bank's policy is to faithfully honor an agreement or commitment made to an applicant.

V. TRANSACTIONS WITH AFFILIATED PERSONS

For purposes of this Section V, an "affiliated person" is any Director, Director *emeritus*, and any Executive Officer of Sovereign Bancorp Inc., Sovereign Bank or Banco Santander and any entity owned or controlled by such persons.

A. No Transactions with Affiliated Persons

Sovereign Bank will not invest, either directly or indirectly, in the stock, bonds, notes, or other securities of any affiliated person or purchase securities under a repurchase agreement with any affiliated person.

B. Fees to Affiliated Persons

Fees assessed for late payment or for overdrawn demand accounts of affiliated persons will be the same as those charged to the general public and will not be waived. Overdrawn demand accounts will be brought to the attention of the Internal Audit Department.

C. Interest on Affiliated Persons' Deposits

Interest paid on deposit accounts of any kind shall be at a rate available to the general public for similar deposits.

D. Loans to Affiliated Persons

There shall be no loan transactions with third parties which include affiliated persons unless in accordance with this Code.

E. Purchases from Affiliated Persons

Any purchase from or sale to an affiliated person of any real or personal property shall be conditioned upon determining the value from an independent outside appraiser. The Board of Directors of Sovereign or its appropriate subsidiary is required to approve any such transaction in advance, with the affiliated person abstaining.

F. Transactions with Affiliates Policy

In addition to the above, team members are to comply with Sovereign's **Transactions with Affiliates Policy** which is hereby incorporated by reference.

G. Sales to Affiliated Persons

Sale by Sovereign to an affiliated person of any real estate that is financed by Sovereign requires prior approval by the Board of Directors of Sovereign in addition to the other requirements of Section V of this Code.

H. Model Home Joint Ventures

The sale or leaseback of a model home between a joint venture project of Sovereign and an affiliated person is strictly prohibited.

VI. SOVEREIGN PROPERTY

A. Duty to Protect

1. Team Members have a duty to protect and conserve Sovereign property and to ensure its use for proper purposes.
2. Team Members shall ensure that any spending is strictly in line with needs.
3. Team Members shall pay special attention to the safeguarding of Sovereign's information technology systems, taking special care with the security measures of such systems.
4. Team Members are to take care and have a responsibility to safeguard the property of Sovereign within reason. However, at no time is a Team Member to put his/her person at risk to safeguard Sovereign property.
5. Team Members shall respect Sovereign's copyright and right of use.
6. Team Members shall utilize Sovereign's property during their professional activities and return such property to Sovereign when done or required. They may not use such property outside of Sovereign or for their personal use or gain and shall return such property to Sovereign when requested.
7. Team Members may not use the image, name, or brand of Sovereign or Banco Santander other than for the appropriate execution of their professional activity within Sovereign.
8. Team Members shall not make any inappropriate use of the telephone, electronic mail, Internet access, or other similar possibilities placed at their disposal.

B. Sovereign Property

For purposes of this code, Sovereign property includes, but is not limited to:

1. All physical property of Sovereign whether leased or owned by Sovereign and includes all fixtures.
2. All records of the accounts of customers, and any other records and books in possession of Sovereign.
3. All marketing studies, advertising or promotional materials, customer lists, logs or

reports or any other forms, or surveys that are in Sovereign's possession.

4. All equipment, information technology systems, programs, projects, courses, policies and procedures, manuals, videos, knowledge, processes, technology, and, in general, all know-how, projects, and work developed for or created by Sovereign or Banco Santander or created by third parties for Sovereign or Banco Santander.

5. All proprietary software.

C. Cross reference

Refer to Section II. H for considerations regarding sales of Sovereign properties.

VII. ABUSE OF CONFIDENTIAL INFORMATION OR RELATIONSHIP

A. Fundamental Principle

The confidential relationship between Sovereign and its customers is a fundamental principle of the financial services business, which has long been recognized by the statutes and court decisions. It is essential that every Director and Team Member maintain this relationship at all times. This confidentiality obligation continues even after the relationship with Sovereign has been terminated.

B. No Disclosure

Sovereign is entrusted with important information about individuals and businesses. A violation of this trust is a serious matter. Furthermore, Sovereign is legally obliged under regulations promulgated pursuant to the Gramm-Leach-Bliley Act of 1999 to protect the privacy of a consumer's personal financial information. The privacy practices of Sovereign are set out more fully in the Sovereign Privacy Policy that is circulated to our customers and members of the public. Therefore, it is imperative never to discuss such information with anyone outside of Sovereign or with other Team Members who have no need to know. Confidential information shall not be obtained merely for the purpose of knowing such information, rather only when it pertains directly to a particular transaction or situation.

Examples of information that must be kept confidential (except when disclosure is authorized pursuant to this Code or Sovereign's Privacy Policy or is required by law) are listed below:

1. Customer Account Information (i.e. account numbers and balances, information on a loan application, paycheck amounts, overdrafts, deposits, withdrawals, names and addresses of the Banks' customers). Such information should only be discussed using discretion with the signer(s) on the account or the loan applicant(s).

2. Information concerning Team Members, Directors, and Executive Officers (including, where applicable, that concerning remuneration, evaluations, and medical examinations) shall be treated with particular care.
3. Personal matters regarding co-workers as well as customers (i.e. divorce, disagreements, personality conflicts or embarrassing behavior).
4. Details of Sovereign security (i.e. opening/closing procedures, alarm/camera systems, cash drawer limits).

The exchange of commercial credit information with other banks is permissible in accordance with the Risk Management Association's Code of Ethics which is incorporated herein by reference.

This obligation of non-disclosure of confidential information continues even after the relationship with the Company has been terminated.

C. Monetary Gains Prohibited

Deriving monetary gains from confidential information that is obtained only by reason of employment or as a Director with Sovereign, whether such information relates to Sovereign, its customers, or anyone with whom it has business relations is strictly prohibited. Confidential information includes all nonpublic information that might be of use to competitors, or harmful to Sovereign or its customers if disclosed.

VIII. INSIDER TRADING

A. Sovereign's Policy on Personal Securities Transactions

Sovereign's **Policy on Personal Securities Transactions** is made a part of this Code and must be reviewed and complied with by all Directors and Team Members. It provides more complete guidance on transactions in Sovereign and Banco Santander and its affiliate's securities by Directors and Team Members and it defines and imposes blackout periods during which no trading may occur by certain Directors and Team Members.

IX. ANTI-MONEY LAUNDERING COMPLIANCE

A. Policy

It is the policy of Sovereign to comply with all anti-money laundering laws and regulations, and to guard against the use of Sovereign's products and services for money laundering or other illegal activity. Under Sovereign's Regulatory Compliance Management Plan, compliance is the responsibility of each Team

Member and part of the Team Member's job responsibilities. Furthermore, each Team Member is subject to personal liability under these laws, including possible fines and imprisonment for violations.

B. Cross Reference

Sovereign's **Anti-Money Laundering Policy and Program** is made a part of the Code and must be reviewed in connection with this Section IX.

X. COMPLIANCE AND COMPLIANCE MONITORING

A. Policy

As stated in Sovereign's Regulatory Compliance Management Plan, which is incorporated herein by reference, it is the policy of Sovereign to comply with both the letter and the spirit of the laws and regulations that govern Sovereign's activities. All operating policies, procedures and forms used to conduct Sovereign's business shall be in conformity with applicable laws and regulations. The Internal Audit Department will test controls established by the Institution to ensure compliance with the provisions of the Code. Violations of the Code detected by the Internal Audit Department will be reported to the Compliance Committee.

B. Violations

Any Team Member who violates a provision of this Code is subject to applicable disciplinary action including termination. Directors who violate a provision of this Code are subject to such sanction as the Board of Directors shall impose. Notwithstanding the foregoing, Sovereign also preserves and reserves its other rights and remedies against any individual who violates any provision of this Code.

XI. GUIDANCE AND REPORTING PROCEDURES

A. General questions

General questions regarding this Code may be directed to Sovereign's Compliance Department. Questions from Directors and Executive Officers may also be discussed with the Chairman of the Board or the General Counsel.

B. Determinations

Determinations regarding whether a violation of this Code has occurred shall be made as follows:

Process:

- (a) If the alleged violation under consideration concerns an Executive Officer or

Director the determination of the existence of any violation, *subject to the provisions of Section G below*, shall be made by the Audit Committee in consultation with the Legal Department and if the Audit Committee so elects with such external legal counsel as the Audit Committee deems appropriate.

(b) If the alleged violation concerns any other Team Member, the determination of the existence of a violation shall be made by the member of the Management Executive Committee ("MEC Member") to whom the Team Member ultimately reports, in consultation with the Legal Department. A MEC Member may delegate his or her duty to determine violations of this Code to the Director of Human Resources who, either personally or through his or her delegee, shall then make such determinations in consultation, if necessary, with the Legal Department.

(i) The Audit Committee and any MEC Member (or the Director of Human Resources as delegee) making a determination as to whether a violation has occurred shall document the decision in writing. All documentation shall be forwarded to and/or held by the Director of Human Resources for filing and retention, with a copy to the Compliance Department. These files shall be available to Internal Audit Services and to the Legal and Compliance Departments.

(ii) In determining whether a violation of this Code has occurred, the Committee or person making such determination may take into account to what extent the violations were intentional, the qualitative and quantitative materiality of such violation from the perspective of either the detriment to Sovereign or the benefit to the Director, Executive Officer or Team Member, the policy behind the provision violated and such other facts and circumstances as they shall deem advisable under all the facts and circumstances.

C. Requests for Waivers.

A waiver of a provision of this Code may requested whenever there is a reasonable likelihood that a contemplated action will violate the Code.

1. Process

(a) If the request under consideration relates to an Executive Officer or Director, *subject to the provisions of Section G below*, the determination with respect to the waiver shall be made by the Audit Committee, in consultation with the Legal Department and if the Audit Committee so elects such external legal counsel as the Audit Committee may deem appropriate.

(b) If the request under consideration relates to any other Team Member, the determination shall be made by the MEC Member to whom the Team Member ultimately reports, in consultation with the Legal

Department.

- (c) The decision with respect to the waiver request by the Audit Committee or an MEC Member shall be documented and forwarded to the Director of Human Resources for filing and retention, with a copy to the Compliance Department. These files shall be available to Internal Audit Services and to the Legal and Compliance Departments
2. Waivers will not be granted except under appropriate extraordinary or special circumstances.
3. Waivers of this Code for Directors or Sovereign's executive officers (in this context, as defined by the New York Stock Exchange) shall be, and waivers with respect to other Team Members, to the extent determined to be required or appropriate by Sovereign's Board of Directors in consultation with Sovereign's Chief Legal and Compliance Officer and/or other legal counsel as the Audit Committee deems appropriate, shall be, publicly disclosed promptly.

D. Written Approval and/or Notification under the Code.

Whenever the requirement for "written approval" or notification appears elsewhere in this Code, it means that a writing setting forth the pertinent facts of the situation under consideration shall be submitted according to the process specified below. Also, written notification is highly recommended if contemplated actions may have the propensity to create an arguable violation or even create the appearance of a violation to a reasonable person.

1. Process
 - (a) If the request under consideration relates to an Executive Officer or Director, the determination with respect to the approval, *subject to the provisions of Section G below*, shall be made by the Board of Directors or the Audit Committee, in consultation with the Legal Department and/or such external legal counsel as the Audit Committee deems appropriate.
 - (b) If the request under consideration relates to any other Team Member, the determination with respect to the approval shall be made by the MEC Member to whom the Team Member ultimately reports, in consultation with the Legal Department unless such request is quantitatively or qualitatively material or outside the ordinary course of business, in which case such determination shall be made by the Audit Committee. A MEC Member may delegate his or her duty to make determinations for written approvals under this Code to the Director of Human Resources, who, either personally or through his or her designee, shall make such determinations in consultation, if necessary, with the Legal Department. Team Members shall direct their requests for approvals to their senior

leaders, (who, in turn, will contact the appropriate MEC member) or to the Audit Committee, as appropriate.

- (c) The decision by the Audit Committee, the Board or an MEC Member (or by the Director of Human Resources as delegee or by his or her designee) with respect to the approval request shall be documented in writing. All documentation shall be forwarded to and/or held by the Director of Human Resources for filing and retention, with a copy to the Legal and Compliance Department. These files shall be available to Internal Audit Services and to the Legal and Compliance Departments. No less frequently than quarterly, the Director of Human Resources or his or her designee shall provide a written report to each applicable MEC Member (with a copy to Legal and Compliance) advising that MEC Member of determinations made on that MEC Member's behalf.

E. Good Faith Reporting of Wrongdoing

1. Employees of Sovereign are protected, to the extent provided by law, against retaliation by Sovereign when they provide information or assist in an investigation by regulators, law enforcement, Congress, or Sovereign itself, regarding conduct that the employee reasonably believes relates to fraud against Sovereign or Sovereign's shareholders. Furthermore, the Bank is subject to and the Team Members are protected by Section 33(a) of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1831 j), (the "Act"), which is commonly known as "Whistleblower Protections." Pursuant to the Act, Team Members shall not be discharged, threatened, or otherwise discriminated or retaliated against regarding their compensation, terms, conditions, location or privileges of employment because they, or a person acting on their behalf, make a good faith report or are about to report verbally or in writing to Sovereign or an appropriate authority an instance of wrongdoing.
 - (a) "Good faith report" shall mean a report of conduct defined as wrongdoing, which the person making the report has reasonable cause to believe is true and which is made without malice or consideration of personal benefit.
 - (b) "Wrongdoing" shall mean a violation which is not of a merely technical or minimal nature of a federal or state statute or regulation or of this Code designed to protect the interests of the public or Sovereign.
 - (c) All good faith reports and resulting investigations will be kept confidential.
2. Good faith reports of wrongdoing should be submitted, in writing, to the Director of Human Resources. The Director of Human Resources shall discuss the report with Sovereign's General Counsel and Assistant General Counsel and Chief Internal Auditor, as appropriate, and may then arrange a meeting with the employee to allow the employee to present a personal and complete description

of the situation. Thereafter, the Director of Human Resources will take the matter under consideration, including undertaking any necessary investigation or evaluation of the facts related to the situation and after consultation with Sovereign's General Counsel or an Assistant General Counsel, and Chief Internal Auditor as appropriate, shall render a written decision, response or explanation as expeditiously as possible.

3. Directors may submit any good faith reports of wrongdoing in writing to the General Counsel. A thorough investigation will be undertaken by the General Counsel or his designee and appropriate action taken.
4. Team Members may also avail themselves of the Sovereign Ethics Line, a toll-free hotline (800-718-2673) to report confidentially (and anonymously, if so desired) suspicious or possible unethical or dishonest acts performed in the workplace.

F. Accounting or Auditing Complaints

To comply with the requirements of the Sarbanes-Oxley Act, the Audit Committee of Sovereign's Board of Directors has adopted a policy for handling accounting or auditing complaints. Team Members (as well as other interested parties) who want to express a concern relating to accounting or auditing matters may contact Sovereign's Audit Committee by writing to:

The Network, Inc.
Attn: Sovereign Bank
333 Research Court
Norcross, GA 30092

- (a) All complaints must be in writing. Complaints may be submitted anonymously. No Sovereign Director or Team Member is permitted to attempt to discover or disclose the identity of a person who submits an anonymous complaint as described in this section unless advised to do so by outside counsel or required by law.
- (b) Complaints submitted to the Audit Committee using this process must pertain to accounting or auditing matters. Any other use of this process will be considered to be out of compliance with Sovereign's complaint resolution process described in the team member handbook.

G. Substitution of Bank Board of Directors and Bank Code of Conduct Committee Under Certain Circumstances

If in the judgment of the General Counsel any law or regulation makes it illegal, inappropriate or inadvisable for the Board of Directors, the Audit Committee, or officers of Sovereign to make a determination, or consider and grant the waivers and approvals or take other action required under this Code, the Board of Directors of the Bank shall make

such determinations and grant such approvals or waivers assisted by the General Counsel and other Bank officers as the Board of Directors determines necessary and advisable under the circumstances.

XII. DISCLAIMER OF EMPLOYMENT CONTRACT

This Code is neither an employment contract nor any guarantee of continued employment. The employment relationship between Sovereign and its Team Members is "at will." Sovereign's policies, guidelines and related procedures are subject to unilateral change by Sovereign at any time. A fuller discussion of these matters appears in the IMPORTANT NOTICE section of the Team Member Handbook.

XIII. CERTIFICATION

Each Director and Team Member will be required to read this Code each year and certify, in writing, that he or she understands his or her responsibility to comply with the Code.

CODE OF CONDUCT CERTIFICATION

I have received and read the attached copy of the Code of Conduct dated September 15, 2009 and understand my responsibilities to comply with the Code. I also understand that if I have any questions regarding the Code of Conduct, I should contact my Human Resources Representative.

Signature

Printed Name

Date

Once you print and sign this acknowledgment please send to Human Resources - File Administration 11-900-FA3.