



DIVISION OF  
CORPORATION FINANCE

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

Mail Stop 4720

September 23, 2009

Mr. Guillermo Sabater  
Chief Financial Officer  
Sovereign Bancorp Inc.  
75 State Street  
Boston, Massachusetts 02109

**Re: Sovereign Bancorp Inc.**  
**Form 10-K for Fiscal Year Ended December 31, 2008**  
**Filed March 17, 2009**  
**Form 10-Q for Fiscal Quarter Ended June 30, 2009**  
**Filed August 7, 2009**  
**File No. 1-16581**

Dear Mr. Sabater,

We have reviewed the above-referenced filings and have the following comments. We have limited our review to only your financial statements and related disclosures and do not intend to expand our review to other portions of your documents. Where indicated, we think you should revise your future filings in response to these comments. If you disagree, we will consider your explanation as to why our comment is inapplicable or a revision is unnecessary. Please be as detailed as necessary in your explanation. In some of our comments, we may ask you to provide us with supplemental information so we may better understand your disclosure. After reviewing this information, we may raise additional comments.

Please understand that the purpose of our review process is to assist you in your compliance with the applicable disclosure requirements and to enhance the overall disclosure in your filing. We look forward to working with you in these respects. We welcome any questions you may have about our comments or any other aspect of our review. Feel free to call us at the telephone numbers listed at the end of this letter.

Form 10-Q filed for the Quarter Ended June 30, 2009

Management's Discussion and Analysis of Financial Condition and Results of Operations

Allowance for Credit Losses, page 49

1. So that a reader would have a clear understanding of how management identifies problem loans within the loan portfolio as well as the steps taken to address any potential problems, please revise your future filings to address the following and provide us with a draft of your proposed revisions:
  - Discuss the processes taken by management in identifying potential problem loans;
  - Discuss the steps taken in identifying the nature and type of underlying collateral supporting these loans;
  - Discuss how management determines the value of the underlying collateral (i.e. if appraisals are obtained, how often and under what circumstance);
  - Discuss how shortfalls are addressed, including the steps taken by management to address these shortfalls (i.e. include the timeframe followed); and
  - Discuss the timing when both initial and any subsequent loan charge-offs or additional loan loss provisions are recorded.
2. We note the continued increase in net charge-offs in your consumer real estate portfolio, specifically within the home equity loan categories. This trend appears to have continued into fiscal 2009. A decline in the value of assets serving as collateral for these types of loans may impact your ability to collect on these loans. In addition to the above noted disclosures, consider also disclosing the following in future filings:
  - The approximate amount (or percentage) of residential mortgage and home equity loans as of the end of the reporting period with loan-to-value ratios above 100%; and
  - How you take into consideration housing price depreciation, and the homeowners' loss of equity in the collateral, in your allowance for loan losses for both residential mortgages and home equity loans. Discuss the basis for your assumptions about housing price depreciation.

Regulatory Capital, page 53

3. We note you present tangible equity within your GAAP performance measures. This ratio appears to be a non-GAAP measure as defined by Regulation G and Item 10(e) of Regulation S-K as it is not required by GAAP, Commission Rules, or banking regulatory requirements. To the extent you plan to provide this non-

GAAP measure (or related ratio, if any) in the future, the staff notes the following:

- a. To the extent this measure is disclosed in future periodic filings on Form 10-K or 10-Q, or in registration and proxy statements, you should comply with all of the requirements in Item 10(e) of Regulation S-K, including clearly labeling the measure as non-GAAP and complying with all of the disclosure requirements. To the extent that you plan to disclose this ratio in future Item 2.02 Form 8-Ks, you should provide all of the disclosures required by Item 10(e)(1)(i) of Regulation S-K as required by Instruction 2 to Item 2.02 of Form 8-K.
- b. To the extent you disclose or release publicly any material information that includes a non-GAAP measure, such as these ratios in your Item 8.01 Form 8-K, you should be cognizant of the requirements in Regulation G to label the measure as non-GAAP and provide a reconciliation to the most closely comparable GAAP measure.

Notes to Consolidated Financial Statements

Note 4 Loans, page 16

4. Please revise your future filings to provide the disclosures required by paragraph 20(a) of SFAS 114. Please note that such disclosures are required as of each balance sheet date, including quarterly periods.

Note 13 Fair Value, page 27

5. Please revise your future filings to provide the disclosures required by paragraph 33 of SFAS 157 for those assets and liabilities measured at fair value on a nonrecurring basis. Provide us with a draft of your proposed revisions.

\* \* \* \* \*

Please respond to these comments within 10 business days or tell us when you will provide us with a response. Please submit all correspondence and supplemental materials on EDGAR as required by Rule 101 of Regulation S-T. If you amend your filing(s), you may wish to provide us with marked copies of any amendment to expedite our review. Please furnish a cover letter that keys your response to our comments and provides any requested information. Detailed cover letters greatly facilitate our review. Please understand that we may have additional comments after reviewing any amendment and your response to our comments.

We urge all persons who are responsible for the accuracy and adequacy of the disclosure in the filing to be certain that the filing includes all information required under the Securities Exchange Act of 1934 and that they have provided all information investors require for an informed investment decision. Since the company and its management are in possession of all facts relating to a company's disclosure, they are responsible for the accuracy and adequacy of the disclosures they have made.

In connection with responding to our comments, please provide, in writing, a statement from the company acknowledging that:

- the company is responsible for the adequacy and accuracy of the disclosure in the filing;
- staff comments or changes to disclosure in response to staff comments do not foreclose the Commission from taking any action with respect to the filing; and
- the company may not assert staff comments as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States.

In addition, please be advised that the Division of Enforcement has access to all information you provide to the staff of the Division of Corporation Finance in our review of your filing or in response to our comments on your filing.

You may contact Marc Thomas, Staff Accountant, at (202) 551-3452 or me at (202) 551-3426 if you have any questions regarding the above comments.

Sincerely,

Angela Connell  
Reviewing Accountant