

There is no doubt you have already heard about our impending acquisition by Banco Santander of Madrid, Spain, announced on Monday, October 13. For three years, Santander has been a valued partner of Sovereign's, holding nearly a 25% equity stake in our bank. I am very pleased to provide you with more information on how Santander's acquiring the remaining portion of Sovereign will give us greater resources and provide more strength, safety and security to our clients.

Santander is the Eurozone's largest bank by market capitalization and one of the world's ten largest. It is primarily a retail and commercial bank with 80 million customers globally, earning 85% of its profit from those businesses. Operating for more than 150 years, Santander has over 13,000 branches - more than any other international bank. The success of Santander's customer-focused business model is demonstrated in having reported a first half *profit* in 2008 of 4.7 billion Euros (\$7.2 billion), an increase of 22% from the previous year. (For more information on Banco Santander, visit www.sovereignbank.com and follow the Santander link.)

While Sovereign is well capitalized and sound by all financial and operational measures, we believe that becoming a part of Santander greatly enhances our market position. Sovereign will benefit from Santander's broad financial strength and operational resources, ultimately positioning us to grow our key businesses.

Sovereign will continue to operate as usual until the transaction is approved by shareholders and regulators and the acquisition is completed, which is expected to occur in the first quarter of 2009. Even after the transaction closes, Sovereign will continue to operate as a separate, FDIC-insured, federal savings bank subsidiary of Santander with our experienced management team remaining in place.

We are truly excited about the possibilities for our combined organizations and what that means for our clients, our communities and our team members. I thank you for your continued confidence in us and look forward to serving your financial needs well into the future. If you have any questions or other needs, please do not hesitate to contact an officer at Bank of Martha's Vineyard.