

## **Board of Directors**

Thomas J. Mastor  
Chairman & CEO  
Sovereign Bank

Michael Russell  
Chief Financial Officer  
Sovereign Bank

Robert Blumin  
President  
RBI Real Estate

Richard Hill  
Partner  
Hill Partners

Samuel Spicer  
CEO  
Kentex Energy, LLC

Donnie Williams  
Austin Area CEO  
Sovereign Bank

Joe Longbotham  
Partner  
Cogent Group, LLC

Stacey Jones Angel  
President  
Everett R. Jones Jr.  
Oil & Gas Properties

## **Executive Management**

Thomas J. Mastor  
Chairman & CEO

Michael Russell  
Chief Financial Officer

Charles A. Angel  
Vice Chairman

Donnie Williams  
Austin Area CEO

Robert Blount  
Chief Credit Officer

## **Branch Locations**

North Dallas

Preston Center

Las Colinas

Richardson

Austin / Downtown

Austin / Cedar Park

Southlake

Arlington

Fort Worth / West 7th Street

Fort Worth / University

**214.242.1900**

[www.banksovereign.com](http://www.banksovereign.com)



# **SOVEREIGN BANK**

## **Statement of Condition**

**For the period ending  
December 31, 2010**

Dear Shareholders,

The story of Sovereign Bank added another chapter of success in 2010 as the year proved to be the bank's most profitable in its six year history. In addition to record profitability, Sovereign continues to report a healthy balance sheet with strong capitalization ratios. As of December 31, 2010, Sovereign reported approximately \$739 million in total assets.

Moving forward, Sovereign's Board of Directors and executive management are optimistic in returning the bank to a "growth mode". After focusing primarily on maintaining a high quality loan portfolio and consistent profitability (20 consecutive quarters of positive earnings) during America's economic turmoil of the past 2-3 years, Sovereign sees significant opportunity in the coming year to aggressively capture market share from competing banks with weakened balance sheets.

In addition to organic growth within our current geographic reach of ten branch locations throughout the DFW Metroplex and Austin, Sovereign is also actively exploring the possibility of establishing a banking presence in the Houston market.

Acquisitions also remain an opportunistic facet of Sovereign's growth strategy. In 2010, a specialized team was established for the purpose of analyzing potential bank acquisition targets. This team performed due diligence on a number of institutions during the year and gained invaluable expertise in the formal bid process to acquire banks under the FDIC's "loss-share" program. Sovereign will continue to explore bank acquisitions in 2011 as the right acquisition could prove lucrative to the bank while growing assets at conservative risk levels.

As the bank grows, the services and loan products available to our clients continue to expand as well. Sovereign is now an approved Small Business Administration (SBA) lending institution, and we have added a highly qualified SBA lender to our Southlake location to meet the needs of our small business clientele in Austin and throughout the Metroplex.

Of course, Sovereign's success to date and our hopes for the future all begin with our invaluable shareholders and clients. Your business and your referrals remain integral to our success. Whether loans or deposit services or treasury management expertise, our professional bankers are here to serve your financial needs with the best customer service in the industry.

Thank you for your continued support. We look forward to continuing to serve you throughout 2011 and in the years to come.



THOMAS J. MASTOR  
CHAIRMAN & CEO



## Sovereign Bank Balance Sheet and Net Income Period Ending December 31, 2010

| <b>Assets</b>                         | <b>in thousands</b>      |
|---------------------------------------|--------------------------|
| Loans                                 | \$ 434,168               |
| Other Assets                          | <u>304,610</u>           |
| <b>Total Assets</b>                   | <b><u>\$ 738,778</u></b> |
| <br>                                  |                          |
| <b>Liabilities and Equity</b>         |                          |
| Deposits                              | \$ 582,715               |
| Other Liabilities                     | <u>68,845</u>            |
| Total Liabilities                     | 651,560                  |
| Equity                                | <u>87,218</u>            |
| <b>Total Liabilities &amp; Equity</b> | <b><u>\$ 738,778</u></b> |
| <br>                                  |                          |
| <b>Net Income</b>                     | <b><u>\$ 4,719</u></b>   |

**Member FDIC**

