



Second Quarter 2005 Earnings Highlights

Financial Highlights

- Net income was \$183 million, up 40% from \$131 million in the same quarter a year ago. Earnings per diluted share for the second quarter of 2005 were \$.47, up 16% from \$.41 per diluted share in the second quarter of 2004.
- Operating/cash earnings were \$197 million, up 37% from \$143 million in the same quarter a year ago. Operating/cash earnings per diluted share were \$.49 per share, up 7% from \$.46 per share in the second quarter of 2004. Operating/cash earnings exclude a reversal of merger and integration charges related to previous acquisitions of \$5.5 million, after tax, or \$.01 per share in the second quarter of 2005 and amortization of intangible assets of \$12.2 million, or \$.03 per share, and \$12.0 million, or \$.04 per share, in the second quarters of 2005 and 2004, respectively.
- Efficiency ratio was 48.7% in the second quarter of 2005 as compared to 49.2% in the second quarter of 2004.
- Average deposits increased to \$36.2 billion during the quarter, an annualized organic growth rate of 9%; average core deposits (excluding time deposits) increased to \$26.8 billion during the quarter, an annualized organic growth rate of 5%.
- Average loans increased to \$41.4 billion during the quarter, an annualized organic growth rate of 19%.
- Return on average assets of 1.26% compared to 1.10% in the second quarter of 2004. Operating/cash return on average assets of 1.31% compared to 1.20% in the second quarter of 2004.
- Return on average equity of 13.4% compared to 13.6% in the second quarter of 2004. Operating/cash return on tangible common equity of 29.1% compared to 24.8% a year ago.
- Annualized net charge-offs decreased to .19% of average loans at June 30, 2005, versus .20% at March 31, 2005 and .43% at June 30, 2004.
- Sovereign repurchased 10 million shares during the quarter through our previously announced repurchase program, and a total of 16 million shares through July 31, 2005.
- On July 20, 2005, Sovereign's Board of Directors authorized a new stock repurchase program for up to 20 million shares, approximately 5% of shares outstanding, to commence at the conclusion of a previously authorized repurchase program.

For our full second quarter 2005 earnings press release, please visit the News and Press section of the Investor Relations page on our web site at sovereignbank.com.

Community Involvement Highlights

Sovereign Bank is providing loan assistance to small businesses affected by the recent Red Tide disaster that contaminated shellfish beds along the coast of Massachusetts. Sovereign is the only bank providing such technical assistance to help businesses apply for Economic Injury Disaster Loans (EIDLs) through the SBA.

The Sovereign Bank Foundation has donated \$5,000 to the Philadelphia Zoo's Corporate Giving Program. Through this program, sponsors make it possible for thousands less fortunate to visit and learn from the Zoo's 42-acre garden, as well as enjoy other benefits.

Sovereign Bank has committed \$40,000 for sponsorship of The Heart Gallery of New Jersey, Inc., a non-profit organization dedicated to raising awareness of New Jersey's foster children who are legally free for adoption and are in need of finding permanent homes.

Investor Report

Sovereign Bancorp, Inc., (“Sovereign”) (NYSE: SOV), is the parent company of Sovereign Bank, a \$60 billion financial institution with more than 650 community banking offices, over 1,000 ATMs and approximately 10,000 team members with principal markets in the Northeast United States. Sovereign offers a broad array of financial services and products including retail banking, business and corporate banking, cash management, capital markets, trust and wealth management and insurance. Sovereign is the 19th largest banking institution in the United States. For more information on Sovereign Bank, visit sovereignbank.com or call 1-877-SOV-BANK (1-877-768-2265).

Sovereign Bancorp Introduces Electronic Delivery of Proxy Materials

We are pleased to offer our shareholders the benefits and convenience of viewing Proxy Statements, Annual Reports and other shareholder materials online. With your consent, we can stop sending paper copies of these documents beginning this year and until you notify us otherwise. To enroll, log onto the Internet at: sovereignbank.com, Investor Relations, Shareholder Services, Electronic Delivery Enrollment. Next, enter your account, Social Security or tax I.D. number (as printed on your check or statement) on the secure site; then enter your e-mail address and a PIN number of your choice, which will be used for electronic voting. Reduce paper mailed to your home—enroll today!

Mellon Investor Services Telephonic System Tips

In June of 2004, Mellon Investor Services upgraded its IVR to a more sophisticated speech recognition system called the “Tell Me” system. The new system recognizes speech patterns and is thus able to handle many calls that previously were routed to a Customer Service representative, which sometimes resulted in extended waiting periods.

The new system is easy to use. Dial 1-800-685-4524; after the system introduction, registered shareholders can simply say what they need.

Mellon Investor Services can only assist registered shareholders; beneficial holders should contact their brokers for assistance.

Some examples of how to request assistance:

- To enroll in Dividend Reinvestment, say “Dividend Reinvestment” or “enroll in Dividend Reinvestment”
- To change the address of record, say “change address”
- To report lost stock certificates and receive replacement paperwork, say “replace certificate”
- To transfer ownership of a certificate or book shares, say “transfer ownership of stock”
- To request replacement of a lost dividend check, say “replace dividend check”
- At any time, shareholders may interrupt the system (after the introduction) to make their request. To speak with a Customer Service Representative, shareholders can say “customer service” or “operator” at any time.

Common Stock Direct Stock Purchase Plan with Dividend Reinvestment

Sovereign Bancorp, Inc. now offers a Direct Stock Purchase Plan along with our Dividend Reinvestment Plan. The Plan provides a convenient and economical method for new investors to make an initial investment in our common stock and for existing investors to increase their holdings of our common stock. Interested investors may request the new prospectus and enrollment form by calling 1-800-842-7629 and following the telephone prompts. Alternatively, investors may also view the prospectus and enroll online over the Internet via Investor Service Direct® at www.melloninvestor.com

Corporate Information

CONTACT INFORMATION

Mailing Address

Sovereign Bancorp Investor Relations
Mail Code: 11-900-IR5
P.O. Box 12646
Reading, PA 19612

Phone

Operator: 610-320-8400
Investor Relations Voice Mail: 1-800-628-2673

Internet

Web Site: sovereignbank.com
E-mail: investor@sovereignbank.com

DIVIDENDS

Cash dividends on common stock are customarily paid on a quarterly basis on or about the 15th of February, May, August, and November.

Sovereign Trust Preferred Capital Securities dividends are customarily paid on a quarterly basis on or about March 31, June 30, September 30, and December 31.

REGISTRAR AND TRANSFER AGENT

Registered shareholders who wish to change the name, address, or ownership of stock, report lost stock certificates, or consolidate stock accounts should contact:

Common Stock – NYSE: SOV

Mellon Investor Services
One Mellon Bank Center
500 Grant Street, Room 2122
Pittsburgh, PA 15258
1-800-685-4524

Trust Preferred Securities – NYSE: SOVPR

The Bank of New York
2 North LaSalle Street
10th Floor Chicago, IL 60602
312-827-8547

FINANCIAL INFORMATION

Investors, brokers, security analysts, and others desiring financial information should contact:

Mark R. McCollom, CPA

Chief Financial Officer
610-208-6426
Mmccollo@sovereignbank.com

Stacey V. Weikel

Senior Vice President,
Investor Relations and Strategic Planning
610-208-6112
Sweikel@sovereignbank.com

EXECUTIVE MANAGEMENT OFFICE OF THE CHAIRMAN

Jay S. Sidhu

Chairman of the Board,
President, and CEO
610-320-8415
Jsidhu@sovereignbank.com

Joseph P. Campanelli

President and Chief Executive Officer
Sovereign Bank New England Division
617-757-3444
Jcampane@sovereignbank.com

James J. Lynch

Chairman and Chief Executive Officer
of Sovereign Bank Mid-Atlantic Division
267-675-0636
Jlynch1@sovereignbank.com

Mark R. McCollom, CPA

Chief Financial Officer
610-208-6426
Mmccollo@sovereignbank.com

Lawrence M. Thompson, Jr., Esq.

Chief Operating Officer, Sovereign Bank
610-526-6230
Lthompso@sovereignbank.com