

# Danielson Associates Inc.

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Dear Banker:

For New England banking, 1999 was a year to remember. After buying Bank of New England and Shawmut, Fleet finally made it a clean sweep of large New England banks by acquiring BankBoston. As a result, the state that led the revolution against royalty will have a Sovereign and a subsidiary of the Royal Bank of Scotland as its second and third largest banks. The year also finally saw the passage of financial modernization legislation, the rising spectre of the internet and another year of good bank earnings, albeit with little respect for the accomplishment from Wall Street.

What can New England banking expect in the next few years? The enclosed report looks at the various elements of change, both national and unique to the region – i.e, the “Fleet Umbrella” and an inordinate amount of mutuals - and suggests what they are likely to mean to the delivery of financial services in the first decade of the 21st century. Predicting the future is hard to do, and looking back five years from now we are likely to find that even the boldest predictors have underestimated the degree of change.

Respectfully yours,

Arnold G. Danielson  
Chairman